

Ansafone advertisement: LET ANSAPHONE ANSWER YOUR PHONE From only £150 per week

NEWS SUMMARY

GENERAL U.S. expects Shah to leave

U.S. Government now expects Shah to leave Iran soon, said indications that the Carter Administration no longer fears a military coup against the new civilian government in his absence.

Reform policy Dr. Shapour Bakhtiar, the Prime Minister, presented his cabinet to parliament yesterday and outlined sweeping domestic and foreign policy reforms.

Riots continue In Shiraz, anti-Shah rioters set fire to SAVAK headquarters. Eight people were killed and 30 wounded.

Smith warning Rhodesia could not win the guerrilla war under present circumstances and whites had to accept the inevitability of black rule.

Devolution poll An opinion poll, conducted for Sunday Says, shows 39 per cent of the electorate in favour of devolution, 32 per cent against and 28 per cent undecided.

Ashes victory England beat Australia by 93 runs on the last day of the fourth Test, to retain the Ashes.

Berlin pledge The 1971 four-power agreement on Berlin will not be breached by West Berlin nominees being sent to the directly-elected European Parliament.

Slicks hit beaches Oil slicks from the damaged supertanker Andrea Patria were being driven by winds onto holiday beaches in Asturias, North-West Spain.

Population falls The population of England and Wales fell by 25,000 to 49.1m in the 12 months to 1977.

Briefly Britain is to take back plutonium buried at Maralinga, Australia, after nuclear tests there in the 1950s.

Chess Grandmaster Viktor Korchnoi has been stripped of his Soviet citizenship, two years after seeking political asylum in Holland.

BUSINESS Equities fall 1.1; record lead rise

EQUITY leaders moved narrowly with continued uncertainty on the labour front. The FT 30-share index fell 1.1 to 477.5.

STERLING closed at \$2.0010, down 65 points, after falling to \$1.9970 in early trading. Its trade-weighted index was unchanged at 63.4.

DOLLAR recovered after early falls to DM 1.8605 (DM 1.8465) and was trade-weighted depreciation narrowed to 8.5 per cent from 9.0 per cent.

LEAD cash price in London rose by 2.5s a ton to a record of £473.5.

GOLD fell 41s in London to \$219 at ounce.

WALL STREET was 2.51 down at 822.42 near the close.

COAL BOARD has proposed radical changes in the electricity industry's priorities for the next 20 years, involving a 50 per cent rise in nuclear capacity after 1990.

EXPORT ORDER for 75 tonnes of carbon steel to the U.S. has involved British Steel in an anti-dumping inquiry by the U.S. Treasury.

STEELWORKERS in West Germany's industrial Ruhr region returned to work after a 44-day strike which employers say has cost DM 1.5bn (£404m).

AUSTRALIA has allowed Pilkington Brothers to proceed with its £28.5m agreed cash bid for all of Sola Holdings, which makes plastic lenses.

MEAT COUNCIL to monitor the world beef market is to be set up under an agreement being finalised at the Tokyo round of trade negotiations in Geneva.

COMMERCIAL UNION is to raise significantly the basic premium rates for insuring home contents because of rising claims, mainly due to thefts.

ENGLISH CHINA CLAYS taxable profits fell to £24.45m (£30.45m) for the year to September 30. External sales rose by over £50m to £234.2m.

RAYBECK property group saw pre-tax profits rise from £2.6m to a record £3.48m on sales of £45.4m (£35.19m) in the half-year to October 28.

KENNING MOTOR GROUP pre-tax profits rose 16.6 per cent from £7.09m to a record £8.27m in the year to September 30.

Callaghan and his Ministers spell out dangers to union leaders

Lorry strike made official as disruption grows in industry

BY NICK GARNETT and ALAN PIKE

The private haulage lorry drivers' strike was made official yesterday by the Transport and General Workers' Union in all but one region of Britain.

The severe dislocation to industry caused by the strike and resulting picketing is now likely to increase very rapidly, although the union is attempting to restrict the use of pickets. Senior transport union officials made the decision last night despite a warning from Mr. James Callaghan, the Prime Minister, that the implications of an official strike would have to be the economy.

Pickets

Picket lines are likely to be more effective, but the union is instructing its members to restrict picketing to the "hire and reward" sector of haulage companies within the association and other operators whose terms and conditions are affected by the dispute. Picketing of docks and container depots will continue, but it is unclear how picketing will be mounted at factory gates. The drivers are being asked to use discretion in the picketing of animal feedstuffs, which has already had a severe impact on farms.

FLYING PICKETS: CBI urged immediate change in law so that workers can only picket lawfully outside their own employers' premises and launched personal attack on Mr. Moss Evans of Transport Workers' Union.

STERLING falls below \$2 for first time in three weeks before recovering to close 65 points down at \$2.0010. Trade-weighted index unchanged at 63.4.

LAY-OFFS: At least 200,000 workers already laid-off and total could rise to 2m by the end of next week.

CHEMICALS Industries Association warned that entire sector could be at a standstill by middle of next week. ICI said its 90,000 staff that their jobs were at severe risk because of road haulage dispute but no plans yet to give notice.

SHUTDOWNS: Among companies which have already started to lay-off some staff are BL, Fisons, Imperial Group, Rowntree Mackintosh and Cadbury Schweppes.

DOCKS: Ships generally still being loaded and unloaded, but storage space increasingly congested with imports as picketing stops collection. Row over refusal of Port of London to drop rent charges for dock space on trapped cargo.

ANIMAL FEEDS: Drivers urged by their union to take no action endangering lives of animals and allow feeds through picket lines. No solid evidence of relaxation yet and food manufacturers warn that the whole food industry would be forced to close down by end of next week unless action taken.

SUGAR BEET: One million tonnes awaiting refining are in danger of rotting, according to British Sugar Corporation.

SUPERMARKETS: Panic buying expected as shortage of certain groceries become more apparent because of rapid rundown of stocks.

MILK: Up to a third of national production could be stranded on farms for lack of tankers, hitting London and South-East particularly.

BEER: Supplies of carbon dioxide gas used in beer production and storage almost exhausted, though supplies in pubs should last for at least another week.

FOOD PRICES: All vegetables very much cheaper than last week but eggs 4p a dozen dearer next week and price of fish also higher because of dispute.

PRICE COMMISSION: Index of notified increases in prices over past six months (expressed at an annual rate) jumped sharply last month to 5.7 per cent, compared with 4.9 per cent previously. Commission said it was too early to determine whether rise any more than seasonal upturn also recorded a year earlier.

Healey wages explosion warning to TUC

BY RICHARD EVANS AND CHRISTIAN TYLER

TUC LEADERS were last night warned by Mr. Denis Healey, the Chancellor, that a pay explosion would force the Government into exercising tighter monetary and fiscal controls.

Mr. Len Murray, TUC general secretary, said that the TUC representatives had not reacted to the Chancellor's warning but he said: "We know the name of the game."

The warning came after Mr. James Callaghan had moved swiftly to try to reach an understanding with the transport workers' leaders to prevent the country plunging into worse industrial turmoil.

After the Cabinet had discussed the lorry drivers' dispute and the possibility of a rail strike, Mr. Callaghan called in Mr. Moss Evans and other leaders of the transport workers for urgent Downing Street talks.

Earlier the Premier had contacted other union leaders, including Mr. Murray and Mr. Ray Buckton, general secretary of ASLEP.

The prime purpose of the contacts was not to issue urgent pleas for industrial action to be called off—these could, the Prime Minister believes, have been counter-productive—but to warn of the dangers that a developing industrial crisis would bring.

In particular, the Prime Minister stressed the economic dangers of surging inflation, rising unemployment and increased taxation that high wage settlements could bring, and the political dangers that the Labour Party would face if confrontation with the unions continued.

The reports given to the Cabinet were of a rapidly worsening industrial scene. Ministers went ahead with plans for introducing a state of emergency for maintaining essential supplies.

So far there is no indication whether, or when, a state of emergency will be declared, and there are signs that troops might be brought into action first without the need for an immediate declaration.

Now that the strike has been declared official, the next few days will be critical. Ministers stress that they will not hesitate to introduce a state of emergency should it prove the only way to maintain essential services.

But it is underlined that such action could not possibly restore normal supplies or anything approaching them. The best that could be achieved would be a skeleton service in vital areas such as transporting food supplies from docks and warehouses.

Much will depend on the result of Transport instructions that discretion be exercised on picket lines following requests from Mr. Callaghan for moderation.

While Mr. Callaghan's talks with the transport workers was unexpected, a meeting between four economic ministers and the TUC economic committee was not called as a result of the industrial crisis.

However, Mr. Murray said ministers had expressed their concern about the effect on jobs and the economy of the present "industrial problems." There was no full discussion.

The threat from public service workers was mentioned and there was further talk about the kind of pay inquiry that is now expected to be set up for around 1.5m manual workers.

Asked about the chances of a new TUC Government accord to contain the present troubles, Mr. Murray said: "Our aim is to get an understanding and an agreement that would be a development of previous agreements of this nature and which, hopefully, would prevent the emergence of industrial problems."

A TUC statement issued after the meeting said that it had been the first of a new monthly Continued on Back Page

Train drivers 'willing to settle pay claim'

BY PHILIP BASSETT, LABOUR STAFF

HOPES OF averting the threatened national rail strike next week by members of the train drivers' union ASLEP rose yesterday when both British Railways and the union indicated agreement was possible on the union's productivity claim.

Mr. Ray Buckton, general secretary, said that the union was "ready, willing and able" to settle the dispute yesterday but the largest rail union, the National Union of Railwaymen, held up negotiations to consider productivity claims relating to its own group of railway workers.

Negotiations under the Railway Staffs National Council were held yesterday morning but the ASLEP claim for special responsibility payments of 10 per cent on basic pay, or about £6 a week, was not discussed because the NUR, whose membership of rail workers includes 3 per cent of board member for industrial relations, said that the indications were that ASLEP was now ready to begin talking on the board's productivity initiatives.

He said, though, that the delay caused by the NUR did not pose a major threat to the settlement of the threatened strike. "We have got to get this right. There is no point in rushing into a solution today which would create problems next week."

The board has suggested terms to both ASLEP and the NUR which would give increases of 6 to 7 per cent on basic pay, or about £4 a week in return for manning reductions and changes in work patterns.

Mr. William Rodgers, Secretary for Transport, yesterday met Mr. Buckton and repeated his appeal that the unions should call off its threatened strike.

Plessey sells its stake in ICL

BY MAX WILKINSON

PLESSEY the electronics and telecommunications group, has sold its 24.4 per cent stake in International Computers Limited, the largest British computer company.

The shares were sold to institutional investors and the National Enterprise Board, which bought 193,890 of the 3.1m shares on offer. This brings its total investment in ICL up from a little over 24 per cent to 25 per cent.

Plessey realised £33.5m from the sale compared with its balance sheet value of £21m. It sold the shares for 412p each at a discount of 28p from the quoted Stock Exchange price.

Plessey bought its 3.1m shares in ICL in 1968 and then increased its holding mainly for strategic reasons. It hoped to join with ICL to produce and market products requiring both telecommunications and computer skills.

These efforts failed and now Plessey says it intends to expand into the market for office products in which the two branches of technology are converging.

In the short term, the proceeds from the sale will be used to repay some of the company's borrowings and to improve liquidity.

Table with 2 columns: Item, Price Change. Includes AGB Research, Abbey, Bishop's Stores, Causton, Eurotherm Int., First Nat. Fin. 94pe, Foster Bros, Elckson and Welch, Johnson-Renda, Kelsey Inds., Kenning Motor, Otrex, Pentos, Sime Darby, Startrite, Tolut SA, Victor Products, Vita-Tex, Waddington (J.), Williams and James.

Table with 3 columns: Section, Page, Page. Includes European news, American news, Overseas news, World trade news, UK news-general, Labour, Technical page, Management page, Arts page, Leader page, UK companies, Mining, Intl. companies, Euromarkets, Money and exchanges, World markets, Farming, raw materials, UK stock market, Features, Big U.S. banks look to their back yard, West German steel strike, Hidden costs of peace, Polish fuel prospects, Coal rules the economy, Papal trip highlights, Strains in Mexico, Problems facing Coal, Board's Five Year Plan, Why Spain may lose a new Ford plant, Around Britain: Coventry, fighting unemployment, Energy conservation, low strategy, South Korea: A visit to Hyundai Motors, The law and picketing.

Advertisement for Hillier Parker May & Rowden. Text: 'The right time to buy, to sell to invest, to apply, to plan - there is a right time to tackle all those pressing property problems but busy people with tied hands and tired faces are too wound up to know.' Includes contact information: 77 Grosvenor Street, London W1A 2BT, Telephone: 01-629 7666.

EUROPEAN NEWS

# France to extend price freedom to services

BY DAVID WHITE IN PARIS

THE DISMANTLING of France's arsenal of price controls is due to be completed by the end of this year.

M. René Monory, the Economy Minister, who has been charged with carrying out the promises the Government made to business about price curbs before last March's general election, has given notice that the principle of free competition will be extended to services and retailing by stages up to the end of 1979.

Nearly all industrial prices have been freed, in batches, since last June — including bread, which had been subject to Government control since the French Revolution. Petrol, one of the last items on the list, is due to be freed from the beginning of next year.

The extension of the free-price principle to services has been strongly urged by large sectors of French business. The Government is now satisfied that the lifting of industrial price

curbs has not had a significant inflationary effect. The cost of living rise for last year is expected to be just under 10 per cent, higher than the Government's original target, but below what had been feared, and industrial prices tended to increase less than the cost of services.

The first items on the new free-pricing list are dry-cleaning services and books. Publishers are no longer to impose recommended prices, leaving book-stores to decide for themselves.

But the relaxation being carried out by M. Monory is not without its conditions. Prices are to be freed sector by sector, according to certain criteria — including the inflationary risk and the degree of open competition. Taxi fares, for instance, will not be freed from control — for the time being, because of the lack of competition, although road hauliers may have their rates frozen.

Instead of carrying out price checks in individual companies, the Government will watch price developments closely in each sector in order to combat price-fixing arrangements.

Professional bodies are required to conclude "moderation contracts" with the authorities, before the go-ahead is given for ending controls. The government is also making more stringent demands with regard to consumer information.

Announcing the latest price measures, M. Monory strongly criticised the high-level of bre-purchase rates, and said that case might be brought before the government's Fair Trading Commission.

Fares on France's state-owned rail network are, meanwhile, going up by 7.5 per cent from the beginning of next month. The SNCF has asked for a 15 per cent increase, similar to the one granted last May. Freight rates are expected to be freed from control.

# W. German steelmen return to work

BY ADRIAN DICKS IN BONN

STEELWORKERS IN the Rhine-Ruhr area, Bremen and Osnabrück returned to work yesterday, bringing to an end the 44-day strike and lock-out that has broken the German steel industry's record of half a century free from labour disputes.

The return to work followed endorsement by members of IG-Metall, the steelmen's union, of the compromise deal on working time and wages hammered out last weekend. Some 49 per cent of IG-Metall's membership approved the settlement, twice as many as the 25 per cent approval required by the rules. Some 49 per cent voted against it.

The ending of the dispute, which had raised serious questions about the continued viability of traditional West German negotiating machinery, was welcomed by union leaders and employers, as well as by leading figures in the coalition Government in Bonn.

It now appears unlikely that there will have to be any widespread short-time working in other sectors, thanks to high levels of stocks which allowed the motor industry, in particular, to keep working normally. All the same, steel companies expect to be unable to bring plant back to full operating capacity before next week.

The new wage contract, estimated to cost the steel employers about \$4.5 per cent in all, provides for a 4 per cent pay increase over the next 15 months. It reaffirms that the basic working week will remain 40 hours, but concedes steelworkers a sufficient number of extra days off for IG-Metall to claim it has established a first step in the direction of the 35-hour week.

Although the employers argue that the steel settlement is not "transferable" to other industries, the opening round of the engineering industry's wage talks in south-west Germany includes a plan for progressively longer holidays put forward by the employers' side.

# Political violence flares in Italy

BY PAUL BETTS IN ROME

IN WHAT has become a familiar pattern in Italy of outbursts of political violence at times of general political tension, two right-wing students have been killed in Rome during a wave of disorder in the past 48 hours.

Following a raid by right-wing extremists against a private radio station here in which five women were seriously wounded, there have been a series of left-wing terrorist attacks in retaliation.

Targets of urban guerrillas in Rome included political party branch offices, the Messaggero newspaper, a trade union branch, and a number of other buildings and cars parked in the streets.

In Naples, a time-bomb damaged the power line carrying electricity to the Alfa Romeo car plant, while incidents were reported in other cities. A police officer was shot dead

yesterday morning in Palermo by a group of youths, but the killing does not appear to be politically motivated.

This revival of violence coincides with the minority Christian Democrat Government's attempts to introduce a three-year recovery programme, widely regarded as a key test for survival of the present minority Administration.

The Italian Cabinet was meeting here last night to finalise the recovery programme which is to be presented during the next few days to the trade unions and the political parties supporting the minority Government.

Sig. Giulio Andreotti, the Prime Minister, who is scheduled to hold talks with union leaders today, has publicly acknowledged that there were strong tensions in the parliamentary majority on whose direct support his minority Administration survives.

However, in a televised news conference, he defended the recovery programme, which aims to increase growth this year to an average of between 4 per cent and 4.5 per cent, as the basis of a fundamental overhaul of the country's economic and social shortcomings.

The Government has informally indicated that some L.2,000bn (27.12bn) is to be earmarked during the next three years for a major programme of job-creating investments for the depressed south of the country. At the same time, to reduce the annual rate of inflation, currently stuck at around 12 per cent, to around 10 per cent this year, the Government is attempting to introduce an incomes policy and cuts of some L.8,000bn in this year's planned public sector borrowing requirement.

It is still not clear how the unions will respond to the Government's proposals. For their part, the main labour confederations have threatened a national strike later this month if the Government does not give priority to substantial new investments in the South.

The heaviest pressures, however, are coming from the left-wing parties, including the Communists, the Socialists, and the Social Democrats, who have lately expressed increasing misgivings about the present coalition. The Communists and the Socialists, deeply irritated by Sig. Andreotti's decision to take Italy immediately into the European Monetary System, are already talking about a possible change in Government.

The main political issue clearly centres on the renewed demands by the Communist Party, Italy's second largest political force, for direct participation in government in the event of a crisis.

# Holland improves production and export performance

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH economy is continuing to strengthen, with both output and exports increasing, according to the latest quarterly review of the central bank.

Industrial production continued to rise in the third quarter of 1978 under the influence of higher domestic spending and improved exports, the Nederlandse Bank said.

Increased production led to more intensive use of capacity, particularly in the semi-finished products sector, and to a gradual decline in the amount of short-time working.

The number of registered unemployed continued to fluctuate around the 205,000 to 210,000 level, while the number of vacancies was slightly up on the second half of 1977. In the building trades, and in some parts of industry, a shortage of labour limited production.

The growth of domestic expenditure, which was primarily limited to private spending at the same time, was increasingly the result of the strong expansion of investment by industry, with only the house-building sector showing signs of stagnation.

Exports began to show the first signs of a substantial recovery in the third quarter. Higher demand also led to an increase in imports, with particular expansion of demand for consumer goods in the quarter under review.

Prices continued to rise at an average of 0.4 per cent a month from April to September. It now seems likely that prices will have risen in 1978 on average by a figure near the lower end of the 4 to 4.5 per cent range officially forecast. The increase in wage costs is

also likely to be no higher than the 7.5 per cent forecast.

In the review, which was prepared in mid-December, the central bank said it did not expect the trade unions to put in a claim for higher wages in 1979. Earlier this week though the FNV union federation said it would be claiming F120 (25) a month for its members to counter erosion of real spending levels.

The balance of payments current account on a transactions basis showed a seasonally adjusted deficit of F1.1bn (\$500m) in the third quarter, after deficits of F1.85bn in each of the two preceding quarters. The deficit in the 12 months to September 1978 was F1.9bn, compared with surpluses of F1.2bn and F1.75bn in 1977 and 1976.

# Spanish strike against pay guide

BY ROBERT GRAHAM IN MADRID

A SERIES OF STRIKES, including a 24-hour national stoppage by railway workers, was organised yesterday by Spain's main trade union organisations to back claims for higher wages.

The strikes, which are expected to be repeated next week on a bigger scale, demonstrated trade union opposition to the Government's 14 per cent wage ceiling. The limit was set by decree in December.

In addition to the railways, yesterday's strikes involved construction workers in Madrid and elsewhere, and engineering workers in the capital and two

northern regions. More than 350,000 workers were affected.

The two main trade unions involved, the Communist controlled Confederation of Workers' Commissions (CCOO) and the General Workers Union (UGT) seem to have buried earlier differences. They are pressing for a 15 per cent increase, but are placing equal emphasis on improved working conditions, and a greater say in the running of companies.

In the case of the 72,000 railwaymen, attempts are being made to reduce the number of hours worked.

Other national strikes being planned will affect the car industry, banking, insurance, hotels and the merchant navy.

Observers believe the unions will eventually accept the Government's wage ceiling, at least until general elections in March. It is argued that the unions have no desire to pre-empt the electoral chances of the Socialists and Communists by giving an impression of irresponsibility.

The Government's guidelines is for a flexible band of between 11 per cent and 14 per cent. If companies exceed the level they may be penalised through withdrawal of Government credits.

# Investment law change in Portugal

By Jimmy Burns in Lisbon

A DECREE authorising the operation of private investment companies in Portugal is to be approved by the Government next month, Sr. Jacinto Nunes, the Finance Minister and Deputy Prime Minister, told the Financial Times here yesterday.

Sr. Nunes also revealed that a group of international banks, led by an unnamed U.S. bank, has agreed to raise a \$100m medium-term loan.

The loan, the first syndicated loan to be negotiated under Sr. Carlos Mota Pinto's non-party conservative Government, will be made available this month to the Caixa Geral de Depósitos, Portugal's main credit institution, before Portugal resumes negotiations with the International Monetary Fund. The borrower will pay a spread of 1 per cent over the inter-bank rate for seven years.

The authorisation of investment companies is a significant development here since banking activities have been closed to the private sector since the 1974 revolution. The terms of the authorisation are expected to be based on a proposal presented in May by the Bank of Portugal.

This proposal defines investment companies as "parabanking institutions which have as their main object the carrying out of financial operation, namely, the arrangement of capital participation of other companies and the granting of medium- or long-term credits, drawn either from their own funds or through those placed at their disposal by credit institutions or other similar Portuguese or foreign establishments."

Although Sr. Nunes emphasised that in the short term investment companies would not be legally entitled to arrange deposits, it is understood that they will still be allowed considerable freedom of movement.

On the negotiations with the IMF due to resume here on February 20, Sr. Nunes hinted strongly that he expected the Fund to show flexibility given Portugal's much improved balance of payments position. In his view there should be no need for a sudden devaluation of the escudo.

# USSR strips Korchnoi of citizenship

By Anthony Robinson

MR. VICTOR KORCHNOI, the Russian chess grandmaster who sought political asylum in Holland two years ago and who was defeated in the world title match by Mr. Anatoly Karpov last October, has been deprived of his Soviet citizenship.

The decision, which according to Dutch diplomats, was taken by the Supreme Soviet in December, has not been announced in the Soviet Union and neither have his wife and son been officially informed. A spokesman for the Swiss Chess Federation said that Mr. Korchnoi hoped that his family, who have twice been denied exit visas, will now be allowed to leave the Soviet Union to join him.

Meanwhile, a Czech court at Trutnov near the Polish frontier yesterday sentenced Charles 77 spokesman Mr. Jaroslav Sabata to nine months jail on charges of insulting a policeman. This is a lesser charge than that of assault on which he was first held following a fight in a police station.

# Bonn wants early talks on fighter co-operation

BY ADRIAN DICKS IN BONN

TALKS BETWEEN the West German, British and French Defence Ministers about co-operation on a fighter aircraft should be held this spring, and in any event no later than June, Herr Hans Apel, the West German Defence Minister, said here on Wednesday night.

Herr Apel described the proposed co-operation as "the 10,000 dollar question" among current defence procurement issues. He did not attempt to play down the difficulties which stand in the way, but made a clear statement that Bonn puts a great deal of political weight on the project.

The timing of the ministerial talks, Herr Apel also made clear, would depend to a considerable extent on the date of a British general election. But the German Minister's insistence that an early three-way meeting could be arranged suggests that the German air staff, at least,

# West Berlin dips into emergency fuel

By Leslie Collett in Berlin

WEST BERLIN has been forced to dip into its emergency supply of heating oil and coal, because of difficulties in transporting fuel from East and West Germany during the recent extreme winter conditions.

West Berlin's oil and coal reserves are normally kept untouched, in case there is a political crisis, and it needed the permission of the three allied powers in West Berlin, the U.S., Britain and France, to release 200,000 tonnes of stored oil. This is a month's supply of light heating oil for the city.

In addition, more than 200 tonnes a day of brown coal briquettes are being taken from reserves for heating West Berlin flats, nearly half of which still have even burning lignite briquettes from East Germany.

# Talks in Paris on Basque terror

BY ROBERT GRAHAM IN MADRID

SR. MARCELINO OREJA, the Spanish Foreign Minister, is due to hold talks in Paris today with his French opposite number on the delicate issue of Spanish Basques living in France. The talks have been prompted by the increasing wave of Basque separatist terrorism and the desire of the Spanish Government to obtain closer French co-operation.

The activity in France of Basques belonging to the militant separatist group ETA has long been an emotive topic between the two countries.

Normally, the Spanish Government prefers to deal with such matters behind the scenes. But it has leaked the news of Sr. Oreja's visit to put pressure on the French.

France has traditionally tolerated the presence of known ETA members on its soil, and has resisted any overt sign of co-operation. This was especially so under General Franco.

When President Valéry Giscard d'Estaing visited Spain last summer, one topic covered was France's policy towards the Basques. The Spanish

argued that since Spain was now a democratic country it was unfriendly and unhelpful for France to continue to offer refuge to those known to be connected with terrorist acts.

However, the Spanish believe that the French could be considerably more co-operative. ETA is still apparently able to make use of bank accounts inside France to cash money extorted from Basque businessmen, and people for whom there are arrest warrants for terrorist activities are not extradited.

# Solar plan to cut EEC fuel bill

BY GILES MERRITT IN VARESE

A PLAN for developing solar energy, which could cut Europe's bill for imported fuel by up to \$2bn in 10 years, is being scrutinised by scientists at the Common Market's main energy research centre in northern Italy.

If the EEC's currently modest spending on solar energy research were increased fivefold, to just \$12m a year, the scientists suggest, real progress could be possible in the 1980s.

According to Dr. Joachim Gretz, who heads the New Energy programme at the EEC Research centre in the small Lombardy town of Ispra, the use of solar heat for mass production of hydrogen could cut Europe's oil requirement by 3 per cent.

The scheme for making hydrogen to burn in conventional power stations is a radical departure from the solar energy research now under way. Rather than concentrating on ways of storing solar heat, the new technique aims at simulating, in an accelerated form known as "quantum conversion," plants' production of hydrogen. A vital point is that the scheme would use existing electricity generation and distribution infrastructures.

The solar programme at Ispra now concentrates on heating methods for houses which must be specially designed. In addition to the major problem of storing summer sun for winter heating, there are still prob-

lems to be solved in the design of solar collection panels. A Luxembourg study recently argued that this unwieldy method would provide only 1 per cent of energy needs by the turn of the century, rather than the 5 to 10 per cent that some U.S. experts have claimed.

Political differences among the Nine over a Community energy policy make it unlikely, however, that Dr. Gretz's 37-man team will receive the finance it needs for the solar hydrogen project. It does not now even appear in the proposed 375m European units of account allocation for the research centre for 1981 to 1984.

The standard rate for the recommended VAT would be 8 per cent, as opposed to 10 per cent in proposals rejected in a referendum in June, 1977. Reduced rates are foreseen on catering services (5 per cent) and items of daily use (2.5 per cent), while a number of professions and services would be excluded from payment. The Federal Council would be empowered to reduce the rates, should this be economically desirable, to 7, 4 and 2 per cent, respectively.

At the same time, direct federal income tax — the country's so-called defence tax — would be paid only on net incomes of at least SwFr 15,000 (24,500) a year, compared with a minimum of SwFr 9,700 at present, while tax-free sums would be increased but the actual top tax rate raised from 11.5 to 13.5 per cent.

The programme, which would result in additional federal income of some SwFr 900m in 1980 and SwFr 1.4bn in 1981, is linked to three parliamentary motions. These call on the Government to study possibility of extra taxation on banks and finance companies and the introduction of a motorway tax and taxes on heavy road transport, as well as requiring the Federal Council to present recommendations to balance the 1981 budget.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rate \$38.00 per annum. Second class postage paid at New York, N.Y., and at additional mailing centres.

## A Hotel of Stars

Count your lucky stars... you've found a 5-star hotel right in the centre of charming old Amsterdam. The Amsterdam Marriott, in all 400 rooms, individual air-conditioning, minibar and colour-TV (with free in-room movies), 24-hour room service, plus two popular restaurants and a lively lounge. Ultimate in comfort and convenience. You'll thank your lucky stars you found us.

### Amsterdam Marriott

Stadhouderskade 21, Amsterdam, Holland. Phone: 020-635151, Telex: 15087. London Sales Office 01-4938592. Or call your local Supranational office.

# POLISH FUEL PROSPECTS

# King Coal rules in a troubled economy

BY CHRISTOPHER BOBINSKI IN WARSAW

"FUEL" WAS the password which gave a train priority over other traffic as the snow and minus 20 deg C temperatures snarled up Poland's railways over the New Year and the days following. Mostly that fuel was coal being moved from Silesia in south-western Poland, where 88 per cent of the country's coal is mined, to the north and central areas where stocks at electrical power and central heating plants were running low.

Despite the efforts of power workers and soldiers who struggled to break up the frozen power station stocks and unload coal wagons, power and heating levels in the cities dropped and large areas of Warsaw and other Polish cities were without heat and power. Shortages reached 4,300 MW, around one-fifth of Poland's total grid capacity.

Over 25 per cent of Poland's energy output is fuelled by hard coal and lignite and the crisis highlighted once again the importance of coal to the Polish economy. The industry has been expanding steadily since the war. With eyes fixed firmly on the 57bn tonnes of hard coal reserves, Polish planners brought coalmining unscathed through the era when other countries were switching to cheap oil. The 192.2m tonnes of hard coal mined in 1972 — around 50m tonnes more than in 1970 — put Poland into fourth place among world producers. Of this total, some 40.9m tonnes was exported.

Growing domestic needs and the necessity to maintain exports — coal sales brought in over 18 per cent of Poland's

hard currency earnings in 1977 — under an ambitious investment programme. Last July planners set the 1979 hard coal production target at 200.4m tonnes, rising to 207.5m tonnes in 1980. Some 240m tonnes are to be mined by 1985, 260m in 1990 and 300m tonnes is the target for the end of the century. Eighteen mines are to be modernised and developed by 1985. Five new pits are at present being sunk in the Rybnik coal basin in southern Poland, which has 20 per cent of the country's coal reserves, and a mine is being built near Lublin in Eastern Poland which is to produce its first million tonnes of coal by around 1981.

But the question now being asked is how much coal will be available for export. Long-term delivery agreements already signed with the West account for all the export potential until 1980. What happens in the next decade and beyond hinges largely on economic policies which are currently being hammered out in Warsaw.

The question being asked by Polish planners at the moment is how much coal will be available for export in the future. Long-term delivery agreements already signed with the West account for all the export potential until 1980. What happens in the next decade and beyond hinges largely on economic policies which are currently being hammered out in Warsaw.

Manpower is another problem. Poland's 300,000 or so miners earn relatively high wages but they also work long hours. Sunday working is commonplace. In 1977 2.2m tonnes of the 18.1m tonnes of coal mined was worked on Sundays.

The authorities are now in the process of introducing a four-shift system in the mines which would keep them running round the clock but would give the miners a regular break of a day or two once every six days. That break will not necessarily fall on Sundays, which makes the powerful Roman Catholic Church unhappy as well as the miners' families. But the miners, who are scarcely enthusiastic about the scheme, themselves admit that at least

tonnes in the year 2000 and that "opinions that more coal than is exported at present will be exported in the future seem unrealistic."

Problems are emerging already. As the pits get deeper and the coal seams less accessible so the cost rises. Nearly 25 per cent of Poland's coal was being extracted at between 500 and 900 metres below ground level in 1970. By 1973 that percentage had reached 67 per cent. The first mine in the Lublin coal basin, which is to produce 25m tonnes by 1991, will be working at a depth of around 1,000 metres.

Despite the fact that Poland produces a lot of its own mining equipment and has virtually stopped importing machinery from the West the expansion programme will strain Comcon resources and require an expansion of Poland's own mining machinery industry.

Manpower is another problem. Poland's 300,000 or so miners earn relatively high wages but they also work long hours. Sunday working is commonplace. In 1977 2.2m tonnes of the 18.1m tonnes of coal mined was worked on Sundays.

The authorities are now in the process of introducing a four-shift system in the mines which would keep them running round the clock but would give the miners a regular break of a day or two once every six days. That break will not necessarily fall on Sundays, which makes the powerful Roman Catholic Church unhappy as well as the miners' families. But the miners, who are scarcely enthusiastic about the scheme, themselves admit that at least

# Swiss to vote on plan for 8% VAT rate

BY JOHN WICKS IN ZURICH

THE SWISS government has fixed May 20 as the date for a national referendum on tax reforms intended to cancel out the federal budget deficit by 1981. The most significant innovation foreseen by the proposals, which are backed by Parliament, is the introduction of a 8 per cent value-added tax to replace existing taxes on sales turnover.

The standard rate for the recommended VAT would be 8 per cent, as opposed to 10 per cent in proposals rejected in a referendum in June, 1977. Reduced rates are foreseen on catering services (5 per cent) and items of daily use (2.5 per cent), while a number of professions and services would be excluded from payment. The Federal Council would be empowered to reduce the rates, should this be economically desirable, to 7, 4 and 2 per cent, respectively.

At the same time, direct federal income tax — the country's so-called defence tax — would be paid only on net incomes of at least SwFr 15,000 (24,500) a year, compared with a minimum of SwFr 9,700 at present, while tax-free sums would be increased but the actual top tax rate raised from 11.5 to 13.5 per cent.

The programme, which would result in additional federal income of some SwFr 900m in 1980 and SwFr 1.4bn in 1981, is linked to three parliamentary motions. These call on the Government to study possibility of extra taxation on banks and finance companies and the introduction of a motorway tax and taxes on heavy road transport, as well as requiring the Federal Council to present recommendations to balance the 1981 budget.

# Europe energy needs up 3% a year

BY KEVIN DONE, ENERGY CORRESPONDENT

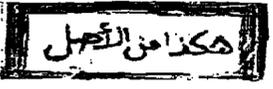
PRIMARY ENERGY consumption in Western Europe is expected to rise by about 3 per cent a year up to 1985, according to a study produced by Stanfield Hall Associates of the U.K.

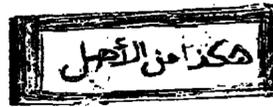
By 1985, energy consumption could increase to about 2.15bn tonnes of coal equivalent, of which about four-fifths would be accounted for by EEC demand.

Above-average rises in fuel consumption are expected in Italy, West Germany, Ireland and in most non-EEC countries.

Despite slower growth, the UK should hold its growth as the largest fuel user in Western Europe after West Germany. Coal consumption is expected to remain at present levels, but this implies a significant fall in its share of the market. Much of the demand will be met by increased sales of natural gas and nuclear electricity, while oil is forecast to maintain its share of the market.

(European Energy Outlook to 1985, Stanfield Hall Associates, 42, Coleridge Road, London N1 6AF.)





THE CRISIS IN IRAN

F-15 move symbolises commitment

By Sean Hibel in Beirut

THE DECISION by the U.S. Government to send a squadron of F-15 strike aircraft to Saudi Arabia next week was made on the basis of a 10-year-old Washington commitment to the Saudi regime, according to diplomats here.

They recalled that in autumn 1962, the late President Kennedy wrote to King Faisal, who was then Prime Minister, giving American guarantees of Saudi security and territorial integrity.

At that time Saudi Arabia was confronting Egypt in North Yemen. Saudi-backed Yemen royalists were fighting Egyptian troops and republican Yemeni forces.

The Saudis then were deeply perturbed when Egyptian bombers operating from Yemen bombed the two Saudi border towns of Giza and Najran.

President Kennedy followed up his letter in early 1963 by sending a squadron of American fighter aircraft from Frankfurt to Saudi Arabia. The jets—F-104s—made morale-boosting flights over Riyadh and Jeddah.

The Kennedy-Faisal exchange was regarded as constituting a virtual security pact between the two countries.

Observers note that the American action then and now demonstrated Saudi Arabia's vulnerability.

Crown Prince Fahd and other members of the royal family are reported to be anxious about developments in Iran. But reportedly a recent U.S. State Department takes the view that the experience in Iran will not be repeated in the oil-rich Arab kingdom.

Commenting on the American move, the daily newspaper As Safr here, which is representative of Arab nationalist and leftist views, accused the Carter administration of adding fuel to the "explosive situation in Iran and the Gulf region."

The Damascus daily Tishrin which reflects Syrian Government thinking, saw the despatch of the aircraft as an attempt to "whitewash" President Anwar Sadat of Egypt and his Middle East policy.

FT correspondents report on the deep worries felt in the Gulf about the fate of the Shah Saudi concern over security

By James Buchanan in Jeddah

THE IMPENDING despatch of a squadron of American F-15 strike aircraft to Saudi Arabia, at the request of the Saudis, is a measure of the deep anxiety felt by the establishment here over the deterioration of the Iranian regime's position.

At the same time, the invitation to Washington displays the Saudi sense of its own military and social exposure to any alteration in the pull of conflicting forces that makes for stability in the Middle East.

According to U.S. officials here, the Saudi Government was insistent that the squadron should be accompanied by a full support programme to permit demonstrations at the air bases situated near the borders of the Kingdom.

Though Tabuk ten minutes flying time from the Israeli Negev might be excluded, Dhahran in the oilfields and Khafji Mushait, near the border with both North and South Yemen, where there has been simmering unrest since the assassination of the Presidents of both countries last year, are said here to be on the itinerary.

The demonstration of the F-15s also will reassure the Saudi population of the royal family's concern for their security, if not through its own fledgling defence forces, then through its alliance with the U.S.

This alliance has begun to look cloudy over what the Saudis see as U.S. inaction over

the threat to the Shah and Soviet gains in the region and over what Washington and the U.S. Press see as Saudi independence over oil prices and the peace negotiations between Egypt and Israel.

The view from Riyadh is scarcely encouraging. The past year has seen the Soviet Union establish itself across the Red Sea in Ethiopia after the earlier closing of a U.S. communications base in Eritrea; a pro-Soviet coup d'etat in South Yemen; serious divisions in the Arab world over President Anwar Sadat's peace moves; and now the undermining of the other major pro-Western ruler in the Middle East.

While the Saudis always have disliked the Shah's military posturing and self-righteously condemned the excesses of the Iranian social crisis, Saudi Arabia has made no secret of its support for the Shah. In a guarded statement last week, Crown Prince Fahd came out strongly for the Shah's continued presence in Iran and, more significantly, again the Shi'a Muslim opposition.

Militarily, the kingdom has no option. Its armed forces, including the National Guard, total under 75,000. Air defence and naval capability is growing, but is hampered by manpower shortages.

The Saudis may also be comfortably aware that the miles of frontier and the oil-

fields in Eastern Province are virtually indefensible. The Oil Minister himself pointed out last year that a pipeline crossing the peninsula to the Red Sea, now being built, was intended specifically to relieve dependence on the single vulnerable oil outlet—the Gulf.

Economically, the kingdom has raised oil production almost to the limit of safety to supply Iranian customers and is understood to be providing gasoline for the use of the Iranian Government. Otherwise the kingdom has only its moral authority in the region as a Moslem state. Hence the desperate need for reassurance over the American alliance.

It is impossible to overestimate the enthusiasm of the Saudi Government and people for last year's sale of 60 F-15s to the kingdom as a symbol of the U.S. commitment—a symbol that can be invoked at times of stress.

This high point in U.S.-Saudi relations is more than ever in the public mind since the cooling of relations.

In matters of religion, there is little or no sympathy with Ayatollah Khomeini and the Iranian Ulema (religious elders). An initial public schadenfreude at the beginning of 1978 gave way to disgust when the scale of the rebellion in Iran became apparent. In fact, the Saudi Establishment, as Sunni Moslems, has always disapproved of what it sees as

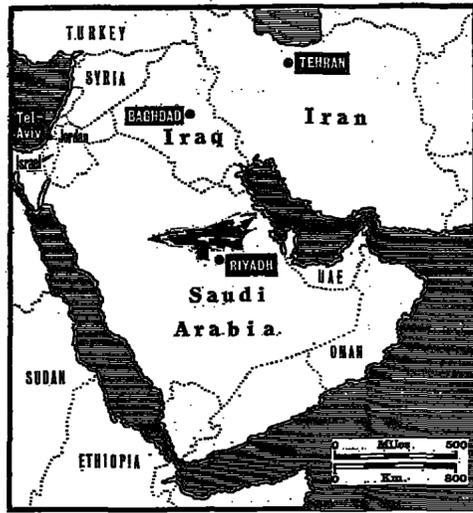
the Shah's too easy interpretation of the divine law to fit new situations.

Yet it is an indication of the new social uncertainty here—the feeling that Iran presages a stage in Saudi social development not so far away—that when the Saudi Board of Religious Guidance, Fatwas and Propaganda finally reached agreement early in the New Year on a Fatwa (religious ordinance) banning table football as idolatrous, it was greeted with exasperation by Saudis in private conversation and in the Press.

While applauding the immense amount of learning and hard work that went into the Fatwa, one newspaper asked why, with such continuous strains on the fabric of society here, table football was chosen.

Table football, of course, is a specific instance of unsatisfactory Western influence. The larger questions—the response of an Islamic society to industrialisation, the presence and habits of more than 1m foreign workers, the employment of women—are not discussed in the Government because no decision has been made at the highest levels.

But one Saudi journalist suggested that if ever the cushion of hard cash or continuous economic progress were removed—as in the Iranian recession of 1976-77—or if a catastrophe occurred at the haj (pilgrimage), or in the oilfields



'Not much hope' in bush war, says Smith

By Tony Hawkins in Salisbury

MR. IAN SMITH, the Rhodesian Prime Minister, warned yesterday that Rhodesia could not win the guerrilla war at the present time and must seek the support of the West.

Speaking in the eastern border town of Umtali at the start of his campaign for a "yes" vote in the January 30 referendum on majority rule, Mr. Smith said that without that support "there really isn't much hope."

"We can go on for years and years but that won't overcome our problems," Mr. Smith told his audience.

"I did not willingly do what I am doing now. I do this because we have no alternative," he said. In a reference to the situation in Iran and to pressure on Salisbury from South Africa, Mr. Smith said that oil was "the Achilles heel of southern Africa." South Africa was the only country supplying fuel to Rhodesia in defiance of United Nations sanctions and the Pretoria Government was undoubtedly acutely embarrassed by this state of affairs.

For this reason, the South African Government had for a long time urged Rhodesia to "get back to legality." The Prime Minister warned his white audience, "If you believe that you can get away without this (black rule) and without this removal of racial discrimination you're living in a fool's paradise."

Mr. Smith said that Zambia and Mozambique were suffering far more than Rhodesia from the war and from sanctions. The leaders of these two neighbouring countries wanted nothing more than a settlement in Rhodesia.

"If the free world works with us to produce a settlement then I believe it would be accepted by those two countries," he said.

Cambodian leaders flee

HONG KONG — Cambodia's former Deputy Premier Ieng Sary was expected to arrive here yesterday on his way to China, according to a Hong Kong report. Mr. Sary was reported to have left Bangkok on a scheduled flight for Hong Kong with one other person, but it was not clear whether he was accompanied by former Cambodian President Khieu Samphan. Agencies

Nervous nations whose rulers find difficulty in working together

By Kathleen Bishawi in Dubai

FOR THE RULERS of the Gulf, the decline and possible fall of the Shah of Iran, coming so soon after Russian advances in the Horn of Africa, Aden and Afghanistan has been a rude awakening.

Whichever way Iran turns—a right-wing military government or a Socialist republic—spells a nervous and uncertain future for the fragile states of the Gulf.

Security of the Gulf and its strategic Strait of Hormuz—once described by the Shah as the jugular of the West—is a top priority for the oil-consuming nations. Yet all previous attempts at any formal Gulf security pact between the states which border the area have failed.

Despite rejection of a formal pact, the last two years have witnessed growing co-ordination between the states on intelligence and security matters. Even relations between the United Arab Emirates and Iran were becoming warmer, in spite of the fact that in 1971 in the first few days of the federation Iran seized three strategic islands from the UAE.

Now the turbulent events in Iran have made the Gulf states nervous. A right-wing military government would revive fears of expansionist dreams by Iran, and a radical republic would open the area to subversion. The worst scenario Western diplomats

can see is subversion through the Iranian community based in the UAE, which in the northern Emirate of Dubai, runs into thousands.

A more ominous possibility, perhaps, is that success of the Iranian people in overthrowing the Shah might encourage young radicals in the Gulf to do likewise with their rulers.

But these fears are unlikely to be translated into action yet. Proposals in Saudi Arabia, the UAE and Kuwait for conscription to boost the relatively meagre armed forces in the Gulf have so far not been approved. "Gulf unity is still rhetoric. It's an ideal, but that's all," an official explained.

Indeed, the area is still racked by petty border quarrels. In the past year the UAE and Oman have had two such disputes with a build-up of forces on their common frontier.

Even unity within the nation, in the case of the UAE, seems elusive. Arms purchases by the federal defence forces are reported to be in abeyance after disputes over top posts in the army.

Dubai and Abu Dhabi continue to purchase equipment separately, while giving public support to the idea of a federal force. "We can't even get the UAE together, let alone the Gulf," one senior Abu Dhabi army man confessed.

The composition of the Gulf armies is also a matter for concern for the ruling sheikhs. Many of them have had to draw on nationals from neighbouring Arab countries and Asian States. In the case of the UAE, indigenous Arabs only constitute 10 per cent of the forces.

Yet that dangerous situation could work in favour of Gulf stability. It leaves the area open to radical Arab and possible future Iranian influence. But it also tends to bring the local Arabs closer together. A Gulf passport is a step to a fortune, providing free housing, expensive education, health services and a lifetime of luxurious indulgence as landlord or agent for

foreign companies for those who want it. The tribal tradition is still strong and working well. Disgruntled young nationals may not have access to ruling sheikhs any more, but they do have access to younger less important sheikhs, who pass on their complaints. Unlike other more turbulent Arab countries, the Gulf States also allow a limited amount of discussion and freedom of the Press.

The Gulf States, nevertheless, fear that the area could become an area of superpower confrontation. A radical Iran could lead to a step-up in Soviet naval activity and a subsequent U.S. build-up.

Why come to Britain's largest unit trust group for investment in equities?

**The comprehensive range of Save & Prosper unit trusts**

		Growth in net annual distributions over the last 10 years	Offer price value at 31.12.1978 of £1,000 invested 5 years ago (all net income re-invested)
Funds with specific income objectives	Increasing income	High-Yield Units.....146.9%	£1,934
		Scotfields.....146.7%	£1,784
	High income	High Return Unit Trust.....182.8%	£2,319
Broadly-based funds with freedom to invest worldwide	High and increasing income	Income Units.....116.5%	£1,957
	Income is not a consideration	Select Income Fund.....158.3%	£1,834
		Investment Trust Units.....	£1,547
Capital Units.....		£1,457	
Funds concentrating on specific investment situations	Universal Growth Fund.....	£1,431	
	Geographic areas	Select International Fund.....	£1,319
	Japan Growth Fund.....	£2,288	
	Scotshares (Scotland).....	£1,718	
	European Growth Fund.....	£1,584	
	UK Equity Fund.....	£1,304	
International investment sectors	US Growth Fund.....	£1,171	
	South East Asia Growth Fund.....	—	
	Commodity Share Fund.....	£1,891	
	Energy Industries Fund.....	£1,479	
	Financial Securities Fund.....	£1,288	
	Scotshires.....	£1,048	
Preferential share exchange.		FT Actuarial All-Share Index.....	£1,898
For shareholders who wish to exchange their shares for a unitholding we have a share exchange plan which will normally give the investor a higher price than he would receive by selling through the usual channels.		New Tokyo Index.....	£1,563
Remember that the price of units and the income from them may go down as well as up.		Standard & Pears Composite Index (USA).....	£1,133
An investment in any of these funds should be regarded as long term.		European Investment Research Bureau Stock Index.....	£ 945

\*Launched in October 1978  
†Excludes re-investment of net income  
Save & Prosper Group is a member of the Unit Trust Association

If you invest in unit trusts or regularly advise on personal investment matters, it will always pay you to consider the Save & Prosper range of unit trusts as an efficient way of investing in equities.

Wide investment experience. At Save & Prosper we have acquired considerable investment experience over the past 44 years, becoming Britain's largest unit trust group. From this base we have developed new ways for investing in other types of funds as well as in unit trusts so that investors can achieve more objectives in simple and tax-efficient ways. As a result we are now a major force in life assurance, pensions and annuities.

At 1st January 1979 Save & Prosper Group managed £923 million for some 700,000 investors.

Wide range of broadly-based unit trusts. We have an exceptionally wide range of funds covering almost every aspect of equity investment. For investors seeking a high or increasing income from shares we have five broadly-based income funds. We also offer four broadly-based funds which are invested in a number of stock market sectors on a world-wide basis. These are primarily intended for the investor who prefers to delegate full investment responsibility to the funds investment managers.

Unit trusts for the active investor. For those who prefer to exercise greater control over the structure of their investment portfolio, we have ten specialist unit trusts. Six of these concentrate on specific geographic areas including the strategically important ones of Japan, South East Asia, the United States and Continental Europe. A further four funds concentrate on specific sectors such as commodity shares, energy industries shares and financial securities on a world-wide basis.

Further information. For further details of our plans and services please consult your professional adviser or one of our branch offices throughout the country, or telephone our Customer Services Department on 01-554 8899. We have branches in Birmingham, Brentford, Bristol, Croydon, Edinburgh, Glasgow, Ilford, Leeds, Manchester, Newcastle-upon-Tyne, Nottingham, Plymouth and Southampton.

SAVE & PROSPER GROUP



AMERICAN NEWS

Treasury to raise Swiss bond

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE U.S. announced yesterday that it will sell about \$1.2bn in Swiss franc denominated notes next week and is already negotiating for a second Deutsche Mark issue within the next few months.

Treasury, up until mid-day on Thursday. Subscriptions must be in the amount of multiples of SwFr 500,000, payment for issuance of the notes will be made on January 26 and the prices of the notes will not subsequently be quoted on any exchange.

A success. One of the Treasury's original fears—that Germans would simply sell off dollars in order to acquire Deutsche Marks to buy the DM notes, thus doing nothing for the dollar's value—has been circumvented.

U.S. wholesale price index registers sharp increase

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

WHOLESALE PRICES in the United States rose by 0.8 per cent last month, a similar advance to that recorded in the previous three months.

principle ingredient in pushing up prices, by the year's end inflation had spread right across the board.

Mr. Alfred Kahn, President Carter's inflation adviser, said signs of improvement will probably not materialise before the spring.

Nicaragua guards open fire on protesters

NICARAGUAN National guards opened fire on about 2,000 anti-Government demonstrators waving left-wing Sandinista guerrilla flags near the national stadium in Managua yesterday, Reuter reports.

Detroit gears up for diesel fumes fight

BY JOHN WYLES IN NEW YORK

THE U.S. car industry is gearing up for another assault on Government regulations following publication of the first set of federal proposals to curb pollution from car diesel engines.

The suggested new limits were unveiled on Wednesday by the Environmental Protection Agency (EPA) and they seem likely to keep the industry firmly locked into the technical dilemma with which it has been living for the past five years.

Peruvian unions call off general strike

Peru's main trade unions have called off a planned three-day general strike after just over a day following the detention of 36 leading unionists and Government orders that rioters would be shot on sight, Reuter reports from Lima.

Seven die in Kingston

KINGSTON — Violent anti-Government demonstrations have claimed three more lives, raising to seven the number killed since protest against the Government of Prime Minister Michael Manley broke out on Monday.

A police officer and a home guard were killed when nine men attacked a police station near the national stadium in Kingston, the authorities said. Police said the group had kidnapped two police officers earlier in the evening. The body of one of the policemen was found shortly after the second officer was released.

FEARS RISE OVER CIGARETTES

Dangerous smoke signals

BY NANCY DUNNE IN WASHINGTON

A NEW report released yesterday by the U.S. Surgeon General concluded that the dangers of cigarette smoking had been underestimated when the office released its first controversial indictment of smoking 15 years ago.

He called it "a shocking fact" that, if present trends continue, the rate of women dying from lung cancer will exceed the rate of those dying from breast cancer.

Dr. Julius Richmond, the Surgeon General, said the report concluded that pregnant women who smoke stand a greater chance of having foetal growth, their children are more likely to have health problems and deficient growth, and they are more likely to abort.

Papal trip highlights strains in Mexico

By William Christie in Mexico

POPE JOHN PAUL II could be fined 50 pesos (\$2.2) for holding an open air "People's Mass" in Mexico City Aztec Stadium when he comes on January 26 to inaugurate the controversial Latin American Bishops Conference if the Government sticks rigidly to its anti-clerical laws.

PEKING—CHINA has agreed in principle with a U.S. businessman Chinese descent on the construction of hotels in 13 cities that will cater chiefly to ethnic Chinese travellers from other parts of the world.

Service, the Government department which looks after ethnic Chinese travellers, China's first major hotel construction agreement, signed in November with International Hotels Corporation, a unit of Pan American World Airways, was negotiated with China International Travel Service, which caters for other foreign visitors.

Canadian technology sales hope

BY JOHN HOFFMANN IN PEKING

CANADA WILL buy Chinese crude oil if Canadian companies win contracts to participate in offshore exploration.

This was indicated yesterday by the Canadian Minister of Industry, Trade and Commerce, Mr. Jack Horner, after a week of discussions with Chinese leaders on Canada's potential role in China's development.

Two Canadian companies, the Government-owned Petro Canada and Ranger Oil, had been invited to submit a draft contract and send a working delegation to Peking next month for discussions about offshore development.

WORLD TRADE NEWS

UK power plant industry seeks major deals in China

BY JOHN LLOYD

THE THREE companies which make up the UK's power plant industry — Babcock & Wilcox, the turbine generator division of General Electric Company (GEC) and Northern Engineering Industries (NEI) have either started or are about to start talks with the Chinese Government on the supply of power plant to China's extensive power station programme.

market is thought to be, nor how large a share they expected to get.

However, details released last week in Gueloupe when the Prime Minister revealed that the Government had decided to sell the Harrier jump jet to the Chinese, point to their being four new, coal-fired power stations required in the short term, with a further 20 coal-fired stations over the next ten years.

New \$700m hotel chain planned

PEKING—CHINA has agreed in principle with a U.S. businessman Chinese descent on the construction of hotels in 13 cities that will cater chiefly to ethnic Chinese travellers from other parts of the world.

Service, the Government department which looks after ethnic Chinese travellers, China's first major hotel construction agreement, signed in November with International Hotels Corporation, a unit of Pan American World Airways, was negotiated with China International Travel Service, which caters for other foreign visitors.

A number of details remain to be worked out, he added, including the repayment terms of money China would borrow to finance the hotel construction. The Chinese Government has agreed to guarantee all loans, Mr. Ying said.

Canadian technology sales hope

BY JOHN HOFFMANN IN PEKING

CANADA WILL buy Chinese crude oil if Canadian companies win contracts to participate in offshore exploration.

This was indicated yesterday by the Canadian Minister of Industry, Trade and Commerce, Mr. Jack Horner, after a week of discussions with Chinese leaders on Canada's potential role in China's development.

Two Canadian companies, the Government-owned Petro Canada and Ranger Oil, had been invited to submit a draft contract and send a working delegation to Peking next month for discussions about offshore development.

\$97m orders for Linde

BY GUY HAWTIN IN FRANKFURT

LINDE, the West German plant, engineering and construction group, yesterday announced it has landed more than DM 180m (\$97.5m) worth of orders from China. Four cover direct delivery of plant in China, while three are for the supply of equipment to plant being built there by the Japanese.

are for the delivery of air separation plants. One is destined for the new petrochemical centre at Dajing, while the others will be delivered to the metallurgical industry for use in the steel making sector.

Each plant will have a capacity of 10,000 cubic metres an hour of oxygen and will also produce nitrogen, argon and other special gases. All seven orders are being handled by the group's TWT Muenchen division in Munich.

Trade Minister optimistic on joint ventures

By Lorne Barling

THE UK Secretary of State for Trade, Mr. John Smith, yesterday returned from a visit to Singapore, Malaysia and Thailand with encouragement for UK companies considering joint ventures in the area.

Financing problems delay Algerian gas contracts

BY CHARLES BATCHELOR IN AMSTERDAM

THE SIGNING of a major contract for the delivery of Algerian Liquefied Natural Gas (LNG) to Holland and West Germany has been delayed by the direct delivery of bank to provide financing. The Dutch gas distribution company, Nederlandse Gasunie, together with Ruhrgas and Salzgitter of West Germany have agreed to postpone until February 15 the date by which Sonatrach, the Algerian state concern, has to confirm that financing has been arranged.

denied that Sonatrach was deliberately trying to let the contract go by default so that it could sign a new deal to deliver unliquefied gas per pipeline. It said gas would be 20 per cent to 30 per cent dearer while the construction of a pipeline across the Mediterranean would raise considerable technical problems.

Control

The church in Mexico is the one de facto power which the institutional Revolutionary Party (PRI) do not control or co-opt and for this reason it is an unknown force. There is no doubt that if the Pope goes ahead with the Mass then more people will stream into the stadium than go to any of the PRI's rallies.

Control

The church in Mexico is the one de facto power which the institutional Revolutionary Party (PRI) do not control or co-opt and for this reason it is an unknown force. There is no doubt that if the Pope goes ahead with the Mass then more people will stream into the stadium than go to any of the PRI's rallies.

Control

The church in Mexico is the one de facto power which the institutional Revolutionary Party (PRI) do not control or co-opt and for this reason it is an unknown force. There is no doubt that if the Pope goes ahead with the Mass then more people will stream into the stadium than go to any of the PRI's rallies.

Third world opposed to GATT proposals

By Bri Khandaria in Geneva

OPPOSITION BY developing countries to the broad outline of codes so far negotiated in the Tokyo Round talks, particularly on the sensitive issue of safeguards against imports is likely to dampen United States and European Community hopes for an early agreement.

The shift in the U.S. position was also alleged to have been influenced by pressure from domestic industry.

The safeguards code's draft text as it stands at the moment consists of nine substantive chapters, all of which are as yet quite far from conclusion.

The draft text sets forth an indicative list of criteria that must be met to justify safeguard action and give proof of injury caused by imports to local producers.

The new element in the rules is a clause allowing any country to seek consultations with the nation that imposes safeguards, on the ground that the curbed imports will flood its markets.

UK aerospace trading surplus

By Michael Donne, Aerospace Correspondent

THE UK aerospace industry had a surplus of over £355m on its overseas trading account during the first 11 months of 1978, with the certainty of sustaining this situation for the full year.

Figures issued by the Society of British Aerospace Companies show that for the period from January to November, last year, total exports of all kinds of aerospace products amounted to over £1bn.

Japan halts settlement of Iran export bills

Japanese foreign exchange banks have suspended since Wednesday buying of export bills for settlement of trade with Iran because of the disruption in Iran of normal banking, air traffic and mail.

S. Korea export target

South Korea has set its 1979 export goal at \$15.5bn, up 24 per cent from last year, AP-DJ reports from Seoul. The Commerce and Industry Ministry said that manufactured goods are planned to account for 91.8 per cent of the annual export target.



Papal trip highlights strains in Mexico

By William Christie in Mexico

POPE JOHN PAUL II could be fined 50 pesos (\$2.2) for holding an open air "People's Mass" in Mexico City Aztec Stadium when he comes on January 26 to inaugurate the controversial Latin American Bishops Conference if the Government sticks rigidly to its anti-clerical laws.

PEKING—CHINA has agreed in principle with a U.S. businessman Chinese descent on the construction of hotels in 13 cities that will cater chiefly to ethnic Chinese travellers from other parts of the world.

Canadian technology sales hope

BY JOHN HOFFMANN IN PEKING

CANADA WILL buy Chinese crude oil if Canadian companies win contracts to participate in offshore exploration.

Control

The church in Mexico is the one de facto power which the institutional Revolutionary Party (PRI) do not control or co-opt and for this reason it is an unknown force.

Control

The church in Mexico is the one de facto power which the institutional Revolutionary Party (PRI) do not control or co-opt and for this reason it is an unknown force.

Control

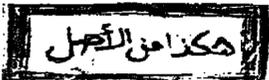
The church in Mexico is the one de facto power which the institutional Revolutionary Party (PRI) do not control or co-opt and for this reason it is an unknown force.

Control

The church in Mexico is the one de facto power which the institutional Revolutionary Party (PRI) do not control or co-opt and for this reason it is an unknown force.

Control

The church in Mexico is the one de facto power which the institutional Revolutionary Party (PRI) do not control or co-opt and for this reason it is an unknown force.



UK NEWS

# Target of 5,000 new jobs set by British Steel

BY ROY MOXSON

A TARGET of 5,000 new jobs in high unemployment areas this year has been set by BSC Industry, the British Steel Corporation job creation organisation. The corporation is re-settling redundant steel workers in other industries.

Mr. Paddy Nagle, chief executive of BSC Industry, said the new target would be in addition to the 2,800 commitments to new jobs arranged in the last nine months.

Six big steelworks have closed in the last year. British Steel is expanding the industrial organisation to bring work to the declining steel areas.

More closures of steel-making facilities are expected in the North East, the Midlands, and the North West if the corporation can reach agreement with employees at works of level.

Detailed closure plans are as yet unpublished, and the Government may defer them until after a General Election. But British Steel intends to press ahead as energetically as possible to cut obsolete steel-making capacity unless it is ordered to stop.

The role of BSC Industry thus is expected to become even more important in the coming months.

BSC Industry has helped steelmaking areas of Britain in the last year as follows:

Essex, South Wales: Helping 15 manufacturing companies to start creating 1,200 jobs. There are a further 1,500 jobs in prospect, and the possibility of 500 more jobs in seven planned factory units.

Cardiff: 1,800 manufacturing jobs in prospect.

Deeside, North Wales: Development of a new industrial park beside the Shotton steelworks—one of the works where the future of steel-making is under threat.

Hartlepool: Projects involving over 1,000 new jobs are being developed. Announcements of new jobs are expected in the first quarter of 1979. Two-thirds of the Sandgate industrial estate is now firmly committed.

Scotland: Companies are moving into advance factories on BSC land in Cambuslang. At Glasgow, the corporation has decided in principle to develop an industrial estate.

# Production at lowest level for 10 years

PRODUCTION by the British Steel Corporation last year fell by 3.2 per cent to 16,681,100 tonnes—the lowest level since nationalisation 10 years ago.

The private sector of British steelmaking fared better, with production up slightly to 3.6m tonnes in 1978.

Joint figures published last night by British Steel and the British Independent Steel Producers' Association put total 1978 steel output at 20,306,000 tonnes—down 0.5 per cent on the previous year.

"The reduced level of output in Britain since the mid-1970s is an illustration of the generally lower proportion of the world steel market shared by European steelmakers," the companies said in a joint statement.

The private steelmaking sector, which was left with only 10 per cent of British steel production when British Steel Corporation was formed, is now responsible for about 17.5 per cent.

# Investment in ICL 'seen only in strategic terms'

THE DECISION by Plessey to sell its 24.4 per cent stake in International Computers Limited (ICL) for £33.5m yesterday represents the failure of efforts to develop joint marketing and product development strategies by the two companies.

Sir John Clark, chairman of Plessey, made it clear yesterday that he had always seen the investment in ICL strategically and that the company was not interested in a holding on any other terms.

Now, Plessey intends to plough ahead on its own in an effort to exploit the possibilities opened by the convergence of telecommunications and computer techniques in office equipment systems.

The company said yesterday: "Having studied this concept of convergence in depth, Plessey has concluded that its interests are best served by entering this new field at the appropriate time through the medium of its own resources."

The disposal of the ICL shareholding is the result of the above view and the proceeds of the sale will be employed in the development of Plessey's business.

City analysts, on the other hand, generally believe that Plessey's need for cash in the comparatively short term has been an important motive for choosing this time to sell the holding.

They point out that the ICL shares had made an important contribution to Plessey's consolidated profits, and that reinvestment of the money in Plessey's present business was unlikely to achieve anything like the same return.

Mr. Patrick Hickey of Laurie Milbank said: "We believe that Plessey is probably more stretched for cash resources than it has cared to admit." He points out that Plessey's return on capital is way below the 26 per cent that ICL has been earning and that the office equipment industry into which Plessey is hoping to expand is already severely crowded by very large and very competitive companies.

It is also an area into which the General Electric Company is preparing to attack with some of its £700m cash reserves.

Sir John, however, denies that the £33.5m raised from the sale of ICL shares will be needed to finance Plessey's business. He emphasises the company's potential in the new markets, which it hopes to enter with office systems based on its new fully computerised private telephone exchange.

This exchange, the PDX, built under licence from the Rolm Corporation of California has the capability of switching both telephone conversations and computer data. With new software developed by Plessey engineers, it will be able to undertake computing tasks as well and perhaps form the basis

of linked typing and message switching systems.

The full details of Plessey's new systems have not been announced, but it is clear that most of the development has been financed from existing resources, and it does not require an immediate sum as large as that raised from ICL.

## MAX WILKINSON analyses the sale of Plessey's stake in ICL

It is possible, of course, that Plessey would try to accelerate its progress into the office market by an acquisition in the UK or the U.S. Sir John acknowledges this possibility but emphasises that no decision has been taken.

In the immediate future, therefore, the cash will be used to reduce Plessey's borrowings which amounted to about £75.5m, not especially large for a company with shareholders' funds of £228m.

The reasons why Plessey chose to forgo a significant slice of earnings in favour of a somewhat improved cash position are therefore not altogether clear.

Mr. Peter Marshall, finance director, says that in a full year the net effect would be to reduce Plessey's consolidated earnings by £2.1m equivalent to 0.89 pence per share. These figures are based on results up to September 30.

Analysts, however, estimated that next year Plessey could have earned about £11m gross if it had kept its ICL shares against only about £4.5m which it will save through reduced interest payments.

To understand the deal, therefore it is necessary to look back to 1968, when Plessey paid £3m for its original stake of 1m shares in the newly formed ICL.

At that time Plessey had two motives. The first was defensive: to match a similar investment made by its rival GEC and to prevent the domination of ICL by any one group.

Secondly, Plessey correctly foresaw that computers would progressively be used to control telephone exchange equipment, while communications at the same time became important between computers.

A joint company between ICL and Plessey was set up, therefore, to explore the possibility of joint products and co-operation.

Mr. Peter Hall, corporate affairs director for ICL, said: "There was a lot of technical goodwill on both sides, but in the end it did not seem possible to find products which would yield enough advantage to both companies."

An outsider said more bluntly: "They were two proud companies run by strong personalities, and in the end both wanted to go their own way."

# Three oil fields to share pipeline

BY KEVIN DONE, ENERGY CORRESPONDENT

TEXACO HAS reached agreement in principle with the Occidental group for the construction of a crude oil pipeline to link production from the Tartan Field in the North Sea to the oil terminal at Flotta in the Orkney Islands.

Arrangements for bringing the Tartan crude oil ashore have been under negotiation for many months. A proposal that Texaco and British Petroleum should share the Forties Field pipeline to Grangemouth has been ruled out.

The deal with the Occidental group means that the Tartan crude will flow along the 135-mile pipeline which links the Piper and Claymore Fields to the Orkney Islands.

Negotiations were complicated because of the different qualities of crude in the three fields. The lighter Tartan crude will have to be mixed with the heavier products from the Claymore and Piper Fields.

Approval by the Department of Energy for the pipeline link is expected soon.

The Tartan Field, which is being developed at a cost of about £300m, is one of the smaller commercial North Sea discoveries.

With estimated recoverable reserves in the region of 250m barrels, production will peak at 75,000 barrels of crude oil, and 12,000 barrels of natural gas liquids a day.

# Building of new homes slackens

By Michael Cassell, Building Correspondent

THE NUMBER of houses on which building work started in November fell back to its lowest point since February last year, according to the Department of the Environment.

Statistics from the Department show work began during November on 20,100 homes, of which 6,900 were in the public sector, compared with 24,400 in the previous month and 21,100 in the same month of 1977.

According to the Department, completions in November amounted to 24,300, of which 11,400 were in the public sector, a near repeat of the previous month's performance but 3,500 lower than in November 1977.

The Department's final figures for last year will not be available for another month, although the National House Building Council this week published its figures for the year, which showed starts reached just over 153,500 against nearly 142,000 in 1977.

# Cement prices expected to rise by 8.5%

BY OUR CONSUMER AFFAIRS CORRESPONDENT

CEMENT PRICES are expected to be increased early next week after the Price Commission's decision yesterday to allow Rugby Portland Cement to raise prices by an average 8.5 per cent.

The increase has been allowed to the company under the safeguard regulations, which protect profit margins, pending the Commission's three-month investigation into the 10.9 per cent price rise that Rugby Portland had sought.

Because of the existing price agreement between the big cement manufacturers, prices are generally expected to rise by 8.5 per cent.

All manufacturers other than Rugby Portland could have increased prices by the full 10.9 per cent they also had sought but which had not been blocked by the Commission.

# Copper semi's decision

FINANCIAL TIMES REPORTER MAKERS OF semi-manufactured copper products who have been the subject of an investigation by the Office of Fair Trading for the last 15 months, will not be referred to the Monopolies Commission.

The Office said yesterday that Mr. Gordon Borrie, its director general, would give reasons "in due course."

The big manufacturers of copper semi— which include Delta Metal, IML, BICC and McKechnie—said last night that they were pleased that no reference had been made to the Commission, but could not say why the investigation was initiated, or why it was dropped.

Mr. John Metcalf, company secretary of IML, stressed that the Office never decided to refer the industry to the Monopolies Commission. It had merely asked for evidence on matters such as pricing and pricing policy.

# Barnetson to head Thames TV

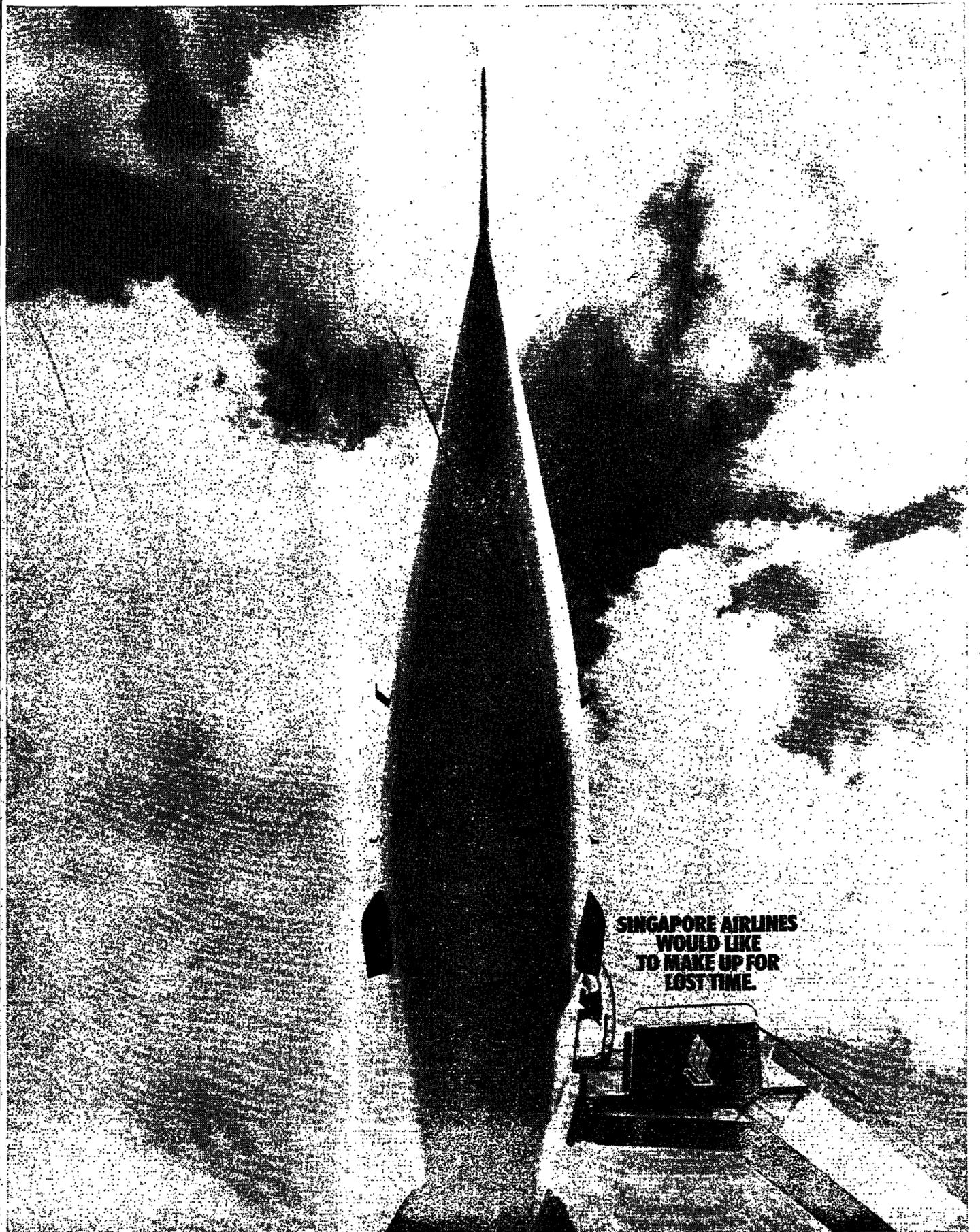
BY ARTHUR SANDLES

LORD BARNETSON, chairman and managing director of United Newspapers, is to succeed Mr. Howard Thomas as chairman of Thames Television, Britain's biggest commercial TV company, at the end of June.

Mr. Thomas leaves the chair under the strict Independent Broadcasting Authority rule that forbids executive directorships to anyone who has reached the age of 70.

Lord Barnetson is now in his third year as president of the Advertising Association. His other directorships include being chairman of the Observer and a director of British Electric Traction, Hill Samuel and Drayton Consolidated Trust, and he has already announced his intention to retire from Reuters, of which he is also chairman, in June.

He joins Thames during the run-up to further discussions on the allocation of the fourth television channel and on the form of ITV in the 1980s. Under him Thames will be negotiating for the continuation of its present franchise contract.



SINGAPORE AIRLINES  
WOULD LIKE  
TO MAKE UP FOR  
LOST TIME.

SIA CONCORDE. LONDON TO SINGAPORE 9 HOURS EVERY MONDAY WEDNESDAY AND FRIDAY.

Operated in association with British Airways

UK NEWS

Schools' policy faces new challenge

By Michael Dixon, Education Correspondent
A FURTHER challenge to the Government's powers to force local education authorities to conform to its comprehensive-school policy...

Plans to hand back city powers 'should be dropped'

BY PAUL TAYLOR
PLANS FOR handing back education, transport, highways and planning powers to the 'Big Nine' cities and larger district councils, should be dropped by the Government...

Falling birth rate adds to continuing population decline

FINANCIAL TIMES REPORTER
THE POPULATION of England and Wales is continuing to fall, according to Government statistics published yesterday...

Honeywell sets up processor plant

By Ray Perman, Scottish Correspondent
HONEYWELL yesterday announced a £1m investment to set up a micro-processor manufacturing plant at Newhouse, Lanarkshire...

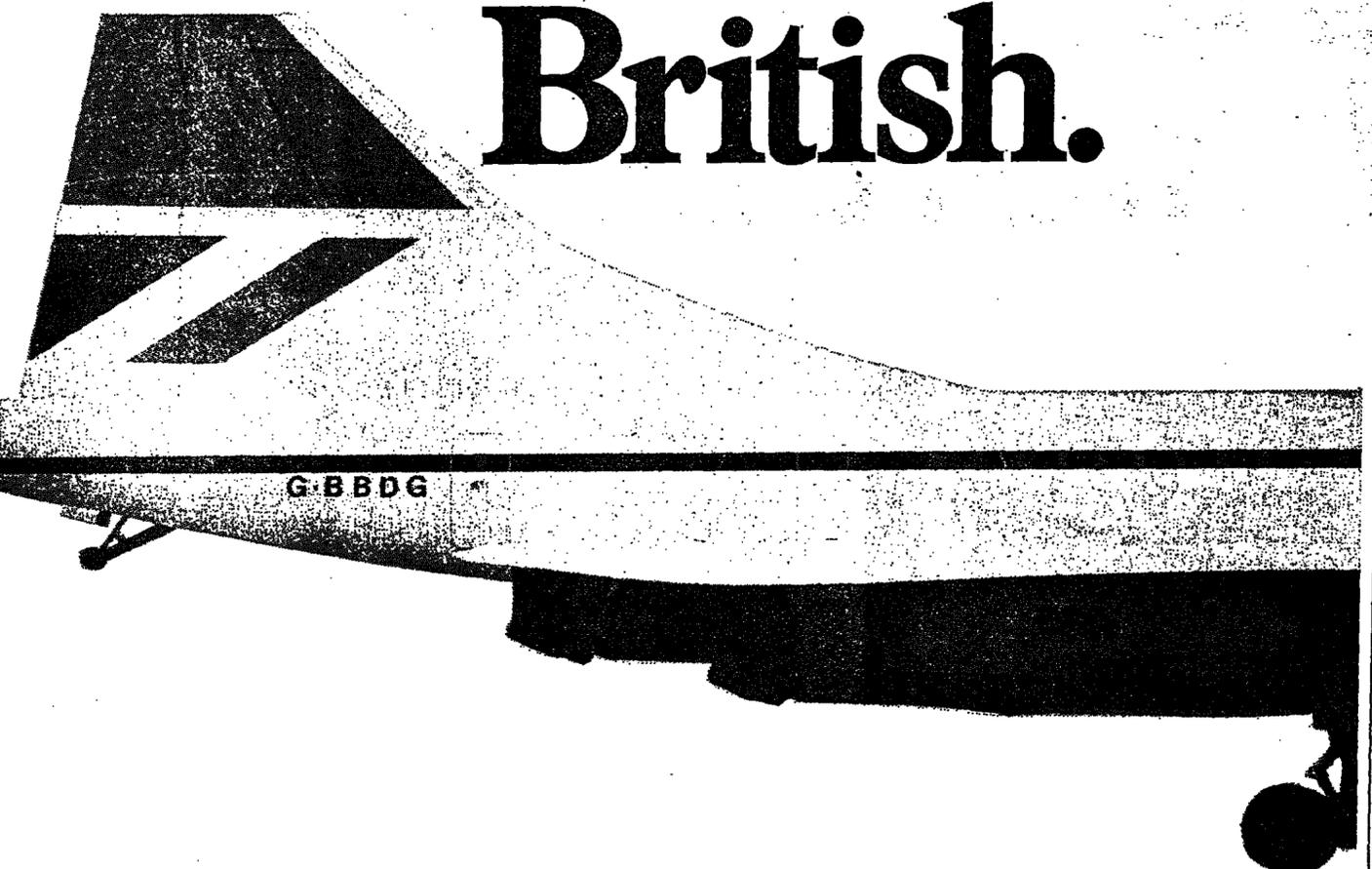
GLC opposes Whitehall brain drain

BY MAURICE SAMUELSON
THE GOVERNMENT had new accommodation is being arranged throughout the country...

Immigration and emigration figures

Population Trends 14 (Winter 1978), SO £2.25
Deaths, at 575,228, were lower than any year since 1971...

At this end we're British.



Concorde to Dallas/Fort Worth direct.

Starting Friday, January 12th, the Big Country will be nearer than ever before. Because you'll be able to fly Concorde direct from Heathrow to Dallas-Fort Worth...

Braniff International air crew to take you on to Texas. Ask your British Airways Shop or Travel Agent for details, or telephone 01-370 5411 for reservations. And fly the flag with Concorde.



British airways Concorde

Engineering company faces six charges

COMMITTAL PROCEEDINGS have started at Huddersfield Magistrates' Court against a local engineering company accused of breaking Rhodesian trade sanctions...

Court told of illegally exported vehicle parts

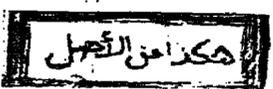
THE SANCTIONS busting trial at Aylesbury Crown Court against two subsidiaries of Lucas Industries...

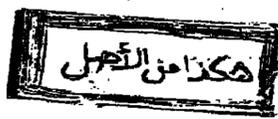
Scottish referendum campaign launched

THE SCOTTISH National Party yesterday launched its campaign to persuade Scottish voters to say Yes in the devolution referendum on March 1...

Vote yes, Welsh urged

THE WELSH will feel not second-class, but third-class citizens if Scotland votes for an assembly, but Wales does not...





UK NEWS

Coal faces problems on three fronts

Postal address can affect insurance cost

BY ERIC SHORT

HOUSEHOLDERS insured with Commercial Union Assurance, one of Britain's largest insurance companies, face paying substantially more from March 1 to insure the contents of their homes.

The company announced yesterday both a significant increase in its basic premium rates for contents insurance, some of which have remained unchanged for over 50 years, and a reassessment of the rating by geographical district.

The company's home contents insurance results have been steadily deteriorating due to a rising number of claims, particularly from more thefts from private households. It has been found that the trend is more serious in certain areas of the UK.

The company has analysed contents insurance claims using the postal code as a basis. As a result it has now adopted a four-level system of rating based on the address insured.

Highest rates are the London postal regions and the Harrow post code area. Second highest are the big towns of Glasgow, Paisley, Liverpool and, surprisingly, Chester.

Towns given third rating include Bromley, Ilford, Redhill in the south; satellite towns ringing Glasgow such as Falkirk; and the North-West of England, including most towns in Lancashire and Cheshire.

The lowest rating area covers the rest of the country, including such places as Birmingham, Brighton and Newcastle.

Commercial Union offers two types of home insurance cover. Under its indemnity policy, the older type of cover, the amount paid on a claim is related to the increase in the value of the contents since the last valuation.

Under its replacement policy, the amount paid on a claim is related to the replacement value of the contents at the time of the loss. This policy is more expensive but provides a more complete cover.

The company has analysed contents insurance claims using the postal code as a basis. As a result it has now adopted a four-level system of rating based on the address insured.

Highest rates are the London postal regions and the Harrow post code area. Second highest are the big towns of Glasgow, Paisley, Liverpool and, surprisingly, Chester. Towns given third rating include Bromley, Ilford, Redhill in the south; satellite towns ringing Glasgow such as Falkirk; and the North-West of England, including most towns in Lancashire and Cheshire.

The lowest rating area covers the rest of the country, including such places as Birmingham, Brighton and Newcastle.

Commercial Union offers two types of home insurance cover. Under its indemnity policy, the older type of cover, the amount paid on a claim is related to the increase in the value of the contents since the last valuation.

Under its replacement policy, the amount paid on a claim is related to the replacement value of the contents at the time of the loss. This policy is more expensive but provides a more complete cover.

The company has analysed contents insurance claims using the postal code as a basis. As a result it has now adopted a four-level system of rating based on the address insured.

Highest rates are the London postal regions and the Harrow post code area. Second highest are the big towns of Glasgow, Paisley, Liverpool and, surprisingly, Chester.

secondhand value of the items concerned. Here the new premium scales vary from 30p per cent for the lowest rating area to 55p per cent for the top area.

Policies giving "new for old" cover, where the claim value is based on the cost of replacing the items affected are new, the rates vary from 40p per cent to 65p per cent.

Policyholders living in London are among those heavily affected by the changes. Their premium rates will rise from 40p to 55p for indemnity and from 50p to 65p for "new-for-old."

Policyholders living in the lowest rating areas will face increases of only 5p per cent. Some policyholders, mainly those living in the Greater London area, will find their premium rates unchanged.

Thus under the new rates, the annual premium to insure contents worth £8,000 will be £55.75 if the householder lives in London, £47.75 if he lives in Glasgow, £43.75 if he lives in Manchester and £35.75 if he lives in Brighton.

These new rates are the rates per £100 of sum insured. Householders also need to increase the sums insured for their contents to allow for inflation since the previous payment. Thus the next premium paid will contain increases from two sources—the rate increase and a higher sum insured.

The Commercial Union has about 600,000 policyholders with the rest of the country, including such places as Birmingham, Brighton and Newcastle.

Commercial Union offers two types of home insurance cover. Under its indemnity policy, the older type of cover, the amount paid on a claim is related to the increase in the value of the contents since the last valuation.

Under its replacement policy, the amount paid on a claim is related to the replacement value of the contents at the time of the loss. This policy is more expensive but provides a more complete cover.

The company has analysed contents insurance claims using the postal code as a basis. As a result it has now adopted a four-level system of rating based on the address insured.

Highest rates are the London postal regions and the Harrow post code area. Second highest are the big towns of Glasgow, Paisley, Liverpool and, surprisingly, Chester.

Towns given third rating include Bromley, Ilford, Redhill in the south; satellite towns ringing Glasgow such as Falkirk; and the North-West of England, including most towns in Lancashire and Cheshire.

The lowest rating area covers the rest of the country, including such places as Birmingham, Brighton and Newcastle.

Commercial Union offers two types of home insurance cover. Under its indemnity policy, the older type of cover, the amount paid on a claim is related to the increase in the value of the contents since the last valuation.

Under its replacement policy, the amount paid on a claim is related to the replacement value of the contents at the time of the loss. This policy is more expensive but provides a more complete cover.

TOUGH TALKS are going on between the Government and the National Coal Board over the industry's five-year plan.

The plan is reviewed annually but coal board officials admit discussions this year are proving harder than at any time since the expansionary period was ushered in in 1974.

The reasons are that three factors have combined against them at the same time, and the combination looks like continuing for some years.

The first is the time element. None of the Board's major projects, planning and investment decisions will bear fruit in the next five years. Its present position is determined by decisions taken between five and 10 years ago.

That period was the lowest ebb of the Coal Board's fortunes when—as Lord Robens, board chairman throughout the sixties, recently recalled, civil servants were talking of cutting coal output to about 30m tonnes a year, two-thirds of the present output.

Investment was down to a few million a year—it is now between £450-£500m a year—skilled manpower at all levels was leaving, or not being recruited, and little prospecting for new fields was being done.

That poor sowing is now yielding a thin harvest.

The second is that, over the past two years, the coal-oil price ratio has worsened against coal. The two fuels are roughly

the same price at the power station gate—and other factors, such as ease of handling and greater efficiency, can push the preference towards oil, and the coal-fired stations down the Central Electricity Generating Board's merit order.

The £17m subsidy to the board from the Government last October redressed the balance for a while—but the board says it will need that subsidy to be continued—and possibly increased—for the next five years, at least.

The recent OPEC price rise has not, it seems, helped very much. One senior official said: "It has stopped things getting worse for the time being." Board costs have risen faster than the rate of inflation and in the past two years "much faster than the rise in oil prices."

To the weakness in the electricity market must be added the better-known slump in the steel market, where more than 3m tonnes have been lost. Domestic and general industrial sales have not compensated, though exports are nearly 1m tonnes up.

The third factor is the ball and chain which the board drags—the old, high-cost, low productivity pits which make large losses and which it cannot close at the rate it wishes to, because the veto of the National Union of Mineworkers is usually too strong.

The South Wales Coal Board area—now the subject of a special, tri-partite study—is probably the worst off in this respect, where ageing pits compound the constant problems of bad geological conditions.

But it is an area of high unemployment: the South Wales miners say they cannot afford to let the pits, and the jobs, go.

The Board can be certain of a sympathetic response from Mr. Benn and his Ministers (some of his officials are not so sympathetic, but that probably makes no practical difference); but, as the senior official said, "bankers work on different principles."

So, over the next 10 years, at least, where the coal price can do except hope it gets better.

Its main customer, the Central Electricity Generating Board, irritated by paying what it regards as an over-high price for its coal due to cheap, efficiently produced coal being priced up to subsidise dear, inefficient coal, has suggested that the high-cost pits should have special grants, clearly labelled as social expenditure. The Coal Board's view is that it can't be done.

Such is the composition of the vice in which the Coal Board is being squeezed. It does not make it any easier for the chairman, Sir Derek Ezra, to argue to the Energy Department and, increasingly, to the Treasury—for an investment programme of £500m a year stretching into the future.

—though it may mean larger and larger Government subsidies to keep coal attractive against oil.

After 1990, there is no agreement. If the generating board, as it has formally committed itself to do, builds 4,000-5,000 megawatts of nuclear power stations a year from 1980 on, coal take will plummet in the 1990s.

But the Coal Board argues that it will not get away with doing so. The anti-nuclear lobbies—among which the Board is the most powerful—are too strong, it says. Why not "replant" coal-fired stations? It might be cheaper in terms of capital cost and it would avoid the bother of the environmental groups.

The generating board is thinking over this plan but is unlikely to jump at it happily. It does not believe that capital costs of replanting will necessarily be lower than building from scratch. It points out that replanting virtually is building

from scratch, with the added costs of knocking something else down first. On the environmental point, it reacts with the cynicism of an old campaigner. The generating board said: "People living next to a coal-fired power station may get used to the occasional deliveries of coal. But when you double its size and deliver massive quantities round the clock, then it's a different story."

The Coal Board said: "Discussions between ourselves and the generating board are generally very amicable but we do differ occasionally." The differences, though, are in the crucial area of price—the generating board insists it is bound always to pay the lowest possible, the Coal Board cannot always guarantee that its product will be, and anyway, its prime concern is security of sales so that it can continue to plan production. There are no signs that this basic tension between the two great corporations is lessening.

JOHN LLOYD examines the Coal Board's latest five-year plan and explains why talks with the Government are proving tough.

There is little the board can do except hope it gets better.

Its main customer, the Central Electricity Generating Board, irritated by paying what it regards as an over-high price for its coal due to cheap, efficiently produced coal being priced up to subsidise dear, inefficient coal, has suggested that the high-cost pits should have special grants, clearly labelled as social expenditure.

The Coal Board's view is that it can't be done. Such is the composition of the vice in which the Coal Board is being squeezed. It does not make it any easier for the chairman, Sir Derek Ezra, to argue to the Energy Department and, increasingly, to the Treasury—for an investment programme of £500m a year stretching into the future.

Planners and marketing men have concentrated on the electricity market, and are attempting to convince the Government and the generating board of the merits of coal over nuclear power. In the short term—up to 1990—the Board believes that demand for coal for power generation will not sink below 70m tonnes a year, and that the generating board accepts this

Royal opening for Lloyd's

QUEEN ELIZABETH the Queen Mother is to open the Corporation of Lloyd's new administrative headquarters at Gun Wharf, Chatham, on May 3.

In 1957, accompanied by Princess Margaret, she opened the present Lloyd's building in Lime Street in the City, returning in 1974 after her election as first lady honorary member. The new building, designed by Arup Associates and built by Bovis Construction, was completed on schedule in July.

Pre-tax profits hit in pharmaceuticals

BY PAUL TAYLOR

WHILE High Street chemists face growing financial problems, a survey published yesterday shows that the pharmaceutical manufacturers and distributors are faring little better.

The survey of 232 companies in the industry by Inter Company Comparisons shows that while sales are increasing pre-tax profits have failed to keep pace.

Of the 17 quoted companies examined in the survey, 15 increased sales, 16 raised assets and liabilities but only nine managed to increase pre-tax profits in a 12-month period.

The 215 unquoted companies performed marginally better with 62 per cent reporting higher pre-tax profits and increased turnover in the same period.

Size seemed a relatively unimportant factor in the profits picture with some large companies such as Imperial Chemicals Industries and Reckitt and Colman falling to

increase profits despite higher turnover in the year ending December 1977.

The High Street chemists, hit by the rising drug costs, claim that they are being forced to close because health service prescription payments have failed to keep up with rising costs.

However, the survey shows that the rising price of drugs has not resulted in substantial profit increases for the manufacturers and distributors.

Commenting on the survey results, which give details of two years' turnover, total assets, current liabilities, profits before tax and payments to directors, Inter Company Comparisons said that further price increases seem inevitable in an industry which is assailed by costs edging into previously carefully calculated balance pricing structures.

Pharmaceutical Manufacturers & Distributors, Inter Company Comparisons. Price: £32.50.

New drug available for eye disease

BY DAVID FISHLICK, SCIENCE EDITOR

A NEW kind of eyedrop for the treatment of the eye disease glaucoma, a major cause of blindness, is available to British doctors from today.

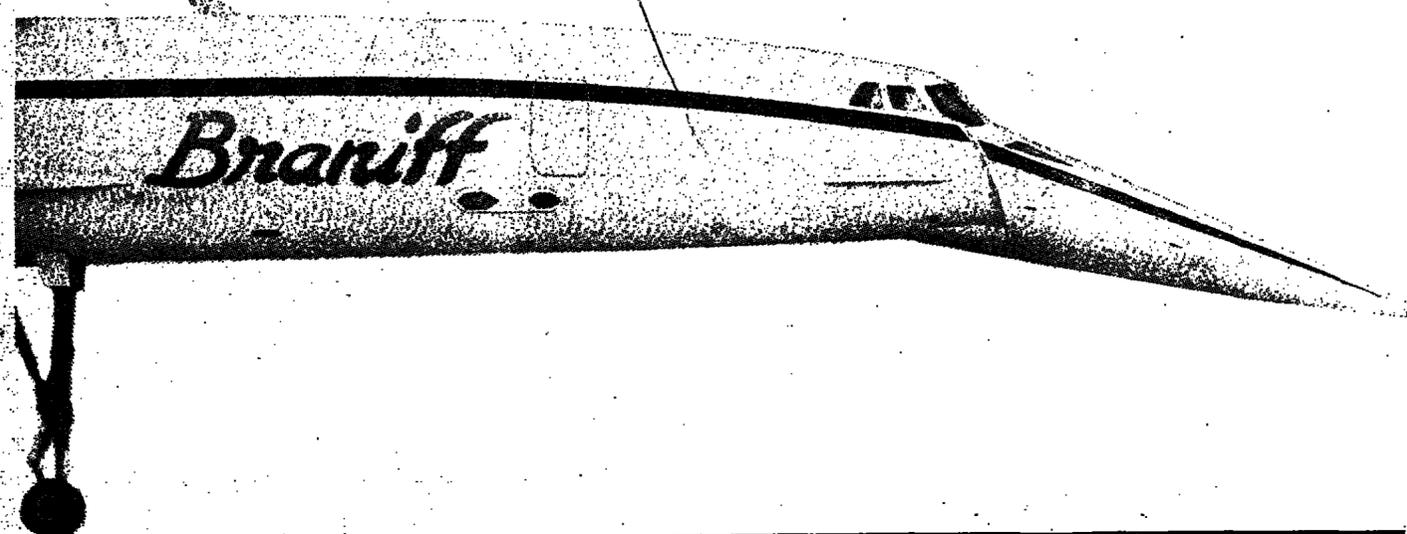
The drug, a "beta-blocker" similar to that used to treat high blood pressure and heart disease, stops the gradual build-up of fluid pressure in the front of the eyeball—the cause of glaucoma.

This pressure, transmitted across the eyeball, crushes the optic nerve, gradually narrow-

ing the victim's field of vision and often causing blindness. The drug timolol maleate ophthalmic solution trade-named Timoptol—was developed in a six-year research collaboration between the U.S. and French research centres of Merck Sharp and Dohme.

At least two other pharmaceutical groups, ICI and Sandox, have beta-blocker drugs under development for glaucoma, but have not yet satisfied national drug safety authorities.

At the other end we're Braniff.



Concorde to Dallas/Fort Worth direct.

Beginning Friday, 12th January Braniff flight crews will fly Concorde on from Washington D.C. to Dallas-Fort Worth, gateway for America's Big Country.

From there, Braniff has more than 150 flights daily to some 40 cities throughout the Southwest, Far West and mid-America. And Mexico.

The return trip to London departs at 08.30 and is the only daytime service from the interior of the U.S.A.

For details ask your Travel Agent or Braniff reservations centre in London on 01-491 4631.

In Aberdeen, Birmingham, Glasgow, Liverpool, Manchester and Sheffield areas, dial 100 and ask for Freefone 2276.



BRANIFF INTERNATIONAL Mainland USA, Hawaii, Mexico, Alaska, Canada, South America and Europe.

Advertisement for KILLINGHALL TIN (MALAYSIA) Bhd. (Incorporated in Malaysia under the Companies Act 1965). Share Capital: Authorised M\$10,000,000 Issued and fully paid M\$2,000,000. Spares of M\$1 each M\$2,000,000. All the issued share capital of Killinghall Tin (Malaysia) Bhd. has been admitted by the Council of The Stock Exchange to the Official List. Particulars relating to Killinghall Tin (Malaysia) Bhd. are available in the Extel Statistical Services and copies of the particulars may be obtained during usual business hours (Saturdays and public holidays excepted) from 12th January, 1979 to 26th January, 1979 inclusive, from: Arbutnot Latham & Co., Limited, 37 Queen Street, London, EC4R 1BY. de Zoete & Bevan, 25 Finsbury Circus, London, EC2M 7EE. 12th January, 1979.

# Miners to look at 20-month wage agreement

BY CHRISTIAN TYLER, LABOUR EDITOR

THE MINERS would not reject "out of hand" the offer of a 20-month wage agreement that would return them to their traditional November pay anniversary, Mr. Joe Gormley, president of the National Union of Mineworkers, said yesterday.

Ministers who are now calculating how to prevent a damaging pre-election showdown with the miners over the 5 per cent policy will take some comfort from Mr. Gormley's remarks. They have canvassed the idea of a 20-month agreement, in reply to the union's own demand for an eight-month deal coupled with a pay demand for rises ranging between 20 and 40 per cent.

Speaking after the union's monthly executive meeting, Mr. Gormley said that the election date and the present bout of industrial disruption were irrelevant to his union's negotiating stance. The National Coal Board would be "well advised" to meet the miners' claim—due for settlement in early March in the spirit of free collective bargaining.

He said the NUM's priorities were in order: the amount of money on offer, the length of deal proposed, and the introduction of the four-day week. The union's readiness to accept a longer deal than eight months would depend on the amount of cash on offer.

The first meeting of the Board and the union is planned for January 25, when the union is expecting a full reply to its claim, although the board sought a preliminary session

with the full national executive to discuss the state of the industry. The board has predicted a £200m loss for the coming year, and there is talk of pit closures in the air.

The union's negotiating committee will meet the board and the rest of the national executive present as observers. Moderates in the NUM believe there is no mood in the coalfields for a fight over pay this year, since the Labour Government could be so near a general election. But some package based on an offer of more than 5 per cent—figures of 8 or 9 are being quoted—plus moves towards a shorter week and revamping of the bonus incentive schemes would be needed.

The board is expected to reject an immediate cut in the working week, but to offer changes in the productivity scheme and improvements in various allowances.

The size of the basic rate offer could be determined by political decisions in the next few weeks about whether the 5 per cent policy is to be fought out or modified in the face of industrial unrest.

Asked about the union's negotiating tactics Mr. Gormley said: "It's irresponsible to go into negotiations with a fixed set of sums of money that are seen as marching orders."

The board is still hoping that the amounts being earned under the incentive schemes will help it this year as they did last. Average payments have settled down at about £21 a week at the coalface, £11 elsewhere underground, and £9 on the surface.

# Journalists accept ACAS help in dispute

By Pauline Clark, Labour Staff

THE National Union of Journalists leading the five-week-old strike by 9,000 of its provincial newspaper members yesterday accepted an offer of intervention by the Advisory Conciliation and Arbitration Service.

It said it was willing to see intervention by a third party after hopes for an early end to the national pay strike receded with the Newspaper Society's refusal to guarantee that journalists would not be victimised.

The NUJ said that since it had not received a satisfactory assurance that dismissed members would be reinstated or that sackings would be withdrawn, it could not put the latest 14.5 per cent pay offer to its members.

The union added that although it was prepared to guarantee that strike breakers would not be victimised for its own part, the Society's promise strongly to recommend reinstatement of sacked journalists to its members was not enough. The union says that more than 200 NUJ members and 100 printworkers are in danger of losing their jobs as a result of the strike. Many include trainees and probationers, while print union members have been picked for sympathetic support of the journalists.

On the society's refusal to allow the NUJ to use the laid down complaints procedure to protect dismissed members, Mr. Ken Ashton, general secretary of the NUJ, said: "The society is asking us either to abandon the democratic procedures of our rule book or to betray our most vulnerable members and the print union colleagues who have supported us."

Members of the NUJ at the Sunday Times yesterday appealed to Mr. Len Murray, general secretary of the TUC, to convene a conference of print unions to help solve the problems over new technology which have contributed to the present shutdown of Times Newspapers.

The TUC was considering the request yesterday but it is uncertain whether Mr. Murray will be able to respond. The request has come from one chap (union branch) rather than officially from the NUJ and it may also be considered that the present TUC printing industries committee provides a more appropriate forum for the print unions to discuss the Times problem.

The journalists argued in their letter to Mr. Murray that the technical innovations now proposed were "unprecedented in their scope and impact."

# Corby steel strike threat

BY PAULINE CLARK, LABOUR STAFF

STEELWORKERS at Corby, Northants, are considering a one-day strike in protest at plans to close the British Steel Corporation plant in the town. British Steel is refusing to discuss the closure plans and local trade unionists have formed an action committee to persuade the Government to make a statement.



LEAVING yesterday's crisis Cabinet meeting (left to right): Mr. William Rodgers, Transport Secretary, Mr. Albert Booth, Employment Secretary and Mr. Merlyn Rees, Home Secretary. Ministers discussed the growing industrial chaos and Government plans for maintaining essential services.

# Union plea to drivers over feed for animals

By Christopher Parkes

STRIKING LORRY drivers have been urged by their union to let animal feed through their picket lines. Regional secretaries were asked in a telegram sent from the Transport and General Workers' Union headquarters to "allow no action that will endanger the lives of animals."

The cable was sent following an appeal by Mr. John Silkin, Minister of Agriculture. But by last night, however, there was little indication of any relaxation of the pickets' stranglehold on supplies.

The Government may soon start digging into feed reserves and officials at the Agriculture Ministry are preparing an inventory of stocks.

It is possible the EEC Commission may be asked to release the 43,000 tonnes of skimmed milk powder—an ideal substitute for soya and other vegetable proteins—held in intervention stores in Britain.

Mr. Cyril Coffin, director-general of the Food Manufacturers' Federation, warned yesterday that without action to restore the distribution network the whole food industry would be forced to close by the end of next week.

Officials claimed there was a deliberate conspiracy among pickets to cripple the food manufacturing distribution industry to force an early settlement of their claim.

The Findus frozen food factory at Grimsby will close today, laying off 3,000 workers. Van den Berghs, which supplies more than half of Britain's margarine, warned it would have to start laying off workers if the dispute lasted much longer. None of its output is getting through picket lines.

About 3,000 people are employed by the company but it said it would find alternative work for as many as possible. Van den Berghs is also the main producer of edible fats and oils for the food manufacturing industry, but few deliveries are being made.

Cadbury-Schweppes has been hit by the shortage of oils. Output has been cut and night shifts have been laid off at two factories.

Rowntree-Mackintosh has 1,000 workers idle, and faces the prospect of sending home 20,000 staff if the strike continues for another week.

The British Sugar Corporation warned that 1m tonnes of sugar beet awaiting refining were in danger of rotting.

The list of fresh food price increases attributable to the transport dispute continues to grow.

# Industry on brink of shutdown

BY COLLEEN TOOMEY

MANUFACTURERS last night began laying-off thousands of workers as the lorry drivers' strike became official.

Industry was on the brink of complete production shutdown, and at least 2m workers could be laid-off by the end of next week.

More than 200,000 employees have been sent home already as raw material supplies dry up, products remain undelivered, and grave cash flow problems loom.

In the Midlands, 20,000 workers were laid-off last night with the west of the region hardest hit. The Confederation of British Industry described as "conservative" an estimate of 750,000 people idle by the end of next week.

As picketing in the North escalated more companies were planning production cuts. In Manchester, about 50,000 workers will be laid-off by the weekend and 250,000 by next weekend.

Newcastle can expect at least 50,000 lay-offs in the week, the CBI said, with a similar number in Leeds. Up to 10,000 Leeds people were sent home yesterday with confectionery and glass companies badly hit.

Pickets are now being stepped up and industrial estates, highways and the Tyne Tunnel at Newcastle have been targeted.

In Ulster, more than 10,000 workers have been laid-off and official estimates are that this could rise to about 30,000 by the weekend. A mass meeting attended by many of the 3,000 striking private haulage lorry drivers in the province reaffirmed their stand and voted to increase picketing at ports—now almost at a standstill.

Many companies in Bristol have stopped all overtime to avoid immediate shutdowns. Picketing at Avonmouth and Newport has meant that little petrol is getting out although diesel is being distributed.

Companies with their own transport in London are struggling on, but with sugar in short supply, confectionery companies are now laying-off workers and the numbers will escalate by Monday.

The weather improved slightly in parts of Scotland yesterday allowing vital food supplies to reach shops. Food distribution employers laid-off 700 workers yesterday and all shortages have increased: the likelihood of further lay-offs in other sectors. D. A. Macrae, the fish packaging company losing £35,000 a month, has laid-off 400 of its 520 workers in Fraserburgh.

Imperial Chemicals Industries warned its 90,000 staff that the road haulage strike was "putting at severe risk the jobs of employees." It said, however, that it was not planning to give any staff notice at the moment.

The Chemicals Industries Association said yesterday that the UK chemical industry, which employs 500,000 people "could be at a standstill" by the middle of next week if the strike was not settled.

BL's Cowley and Cardiff parts plants are virtually at a standstill. Its Triumph plant at Coventry has laid-off 350 workers and the Dolomite plant at Liverpool 675 workers.

Imperial Group's food division has been worst hit with 600 lay-offs at its Golden Wonder factory at Widnes and 200 lay-offs at its Hull fish processing plant.

Fisons yesterday issued 3,000 lay-off notices to its fertiliser workers in Immingham and Avonmouth and industrial chemical workers in Widnes. The notice takes effect from next Thursday.

# Panic buying expected

BY COLLEEN TOOMEY

SUPERMARKETS are expecting a fresh wave of panic buying today as shortages of certain groceries become increasingly apparent, writes David Churchill.

The big multiples were yesterday beginning to face the prospect that their grocery stocks—which are still fairly extensive—are rapidly being used up and are not being adequately replaced. Customer demand yesterday was the strongest so far this week.

The weekend is normally the busiest time for supermarkets but they are now clearly feeling that some form of action has to be taken if supplies are to be maintained. Rationing—either by sharp price rises or through formal controls—is not being ruled out.

It was announced yesterday that Mr. Joseph Godber, chairman of the Retail Consortium, is to meet Mr. John Silkin, Agriculture Minister, on Monday, to give details of the problems facing retailers.

Last night, the Brewers' Society warned that supplies of carbon dioxide gas, used in beer production and storage, were almost exhausted. Beer supplies in pubs, however, are expected to last at least a week.

# Row flares over dockside rent as trapped goods pile up

BY LYNTON McLAIN

IMPORTS CONTINUED to pile up at Britain's ports yesterday as a row developed over the Port of London's refusal to drop rent charges for docks filled with cargo trapped by picketing drivers.

The charges are a normal part of port practice, although traders prefer to collect cargoes when landed rather than pay quay rent.

Timber merchants in the South East are now paying between £500 and £1,000 a day as quay rent for cargoes they cannot collect from Tilbury. The Timber Trades Federation called for the port authority to waive or reduce its daily charge of £150 for each cubic metre of timber left on the quay.

The port authority said last night that there will be no variations in any agreements with importers as a result of the lorry drivers' dispute.

Dockers at Tilbury continued to discharge vessels yesterday, but wharf space was becoming more limited. The problems will intensify next week.

The Mersey Docks and Harbour Board has dropped charges for cargo stranded at Liverpool until the strike ends.

# Call by CBI to curb flying pickets

THE GOVERNMENT is being urged by the Confederation of British Industry to clamp down on flying picketing by lorry drivers. The law so far, Mr. Gormley can only picket outside their own place of work.

This is the first step in a general reform of labour law and industrial relations on sympathy strikes and other issues that the confederation wants to see gradually introduced to change the balance of power in industry.

Sir John Mowbray, the confederation's director general, yesterday condemned the recent spread of picketing and also criticised Mr. Moss Evans, general secretary of the Transport and General Workers' Union.

Speaking in Manchester he said Mr. Evans had made it clear that he felt no sense of responsibility to the country or other members of the community, but only to his union members. This was equivalent to saying: "It's not my business to keep you alive but excuse me while I just carve off my pound of flesh."

Sir John said the state of emergency might be needed because otherwise Britain would grind to a halt within a week of 10 days. But such a move would not make any difference to the crippling effect of the widespread sympathy picketing now taking place and made legal under the Government's Trade Union and Labour Relations Act, 1974.

Determination "Many firms are now unable to supply goods of their own manufacture in their own vehicles because people are unwilling to cross picket lines. They are operating at factory gates, on the roads, and at transport cafes, persuading drivers not involved in the dispute not to cross lines."

Industrialists' determination to push through changes was underlined when Mr. John Greenborough CBI president, said in London that sympathy picketing against people not connected with a dispute "cannot be allowed to go on."

Calling both for a restriction on picketing and for more secret ballots, Mr. Greenborough rejected union demands that freedoms contained in the 1906 Trades Disputes Act should be maintained, and declared: "We cannot all go on having to fight 1906 battles with 1906 kits."

The confederation has just started a study on "employer solidarity" to see if there are ways that employers can combine and co-operate against union action.

In addition, the present crisis has brought the confederation to the point where it is demanding an immediate legislative change without waiting for the general debate about unions and the law which is likely to occur during the coming general election campaign.

The CBI believes that the quickest way out of the present crisis would be to limit picketing to an employers' premises and it sees this as a first step towards a later general outlawing of sympathy industrial action.

Editorial comment, Page 16

# BBC union bid to halt cameramen's dispute

BY PAULINE CLARK, LABOUR STAFF

THE BBC's biggest union yesterday resumed attempts to persuade rebel cameramen to call off their overtime ban in a dispute which could eventually lead to serious disruption of the corporation's programmes.

The dispute is over unresolved pay problems which, in the week before Christmas, led to the most serious escalation of industrial action by the Association of Broadcasting Staff ever seen in the BBC.

The continuing action by 300 film cameramen based at Ealing in defiance of the union is not expected to lead to serious programme interruptions in the near future. ABS is not apparently considering plans for retaliatory action if the management carries out its threats to suspend individual cameramen who do not respond to direct management requests to return to normal working.

If the overtime ban is prolonged, the BBC fears that the effects could be felt in all areas of production except news programmes, which use a separate team of cameramen.

The Ealing team is continuing action started last autumn in support of a demand for full consolidation of pay supplements received under phases two and three of Government pay policy. This is on top of the 12½ per cent pay award from the Central Arbitration Committee which prevented black-outs over Christmas.

Mr. Tony Hearn, general secretary of the union, said last night that the Ealing members seemed to misunderstand development on the pay issue. The union had not dropped the consolidation claim, which would be taken up again at a further hearing under the CAC when it was expected that a further 4 per cent would be available to sort out other BBC pay anomalies.

In addition, he said, both the union and management had committed themselves publicly to the achievement of full consolidation.



# Trekking is for weekends.

Finish with the long trek to the office and leave commuting to others. Re-locate in Newport, the friendly and established town with excellent communications, fine leisure facilities and attractively priced homes.

With direct motorway links to London, Birmingham and the North, Newport commands a work force of well over a million within a 20 mile radius and is a natural

choice for industrial expansion. Add to these benefits the wide range of available sites and a really helpful council and it becomes easy to understand why so many leading companies have re-located there.

So take a ride to Newport and find out more. Contact the Chief Executive, Civic Centre, Newport, Gwent, Tel: 0633 65491.



NEWPORT where business has room to boom.

# NEWS ANALYSIS—PICKETING

## When doubts arise about the law

BY ALAN PIKE, LABOUR CORRESPONDENT

THE SPECIFIC law on picketing can be reproduced from the 1974 Trade Union and Labour Relations Act in a few dozen words.

It says: "It shall be lawful for one or more persons in contemplation or furtherance of a trade dispute to attend at or near: (a) a place where another person works or carries on business; or (b) any other place where another person happens to be, not being a place where he resides, for the purpose only of peacefully obtaining or communicating information, or peacefully persuading any person to work or abstain from working."

Under section 15 of the Act peaceful picketing can be conducted anywhere except at a person's home. Doubts about the quality of the law arise on occasions when picketing can be by no judgment be considered peaceful—the activities outside the Grunwick film processing laboratories in the summer of 1977 is the overriding recent example—and on occasions like the present lorry strike when pickets do not confine their action to the employer with whom they are in dispute.

Widespread picket action by the striking drivers at docks, industrial sites, wholesale markets and elsewhere has rapidly developed the dispute into crisis proportions. Their union, the Transport and General Workers, is in a particularly strong position to mount effective secondary picketing since its 2m workers are employed across a vast range of industry.

The Trade Union and Labour Relations Act, as well as stating the position on peaceful picketing, gave legal immunity to sympathetic action taken "in contemplation or furtherance" of a trade dispute.

It was widely felt by trade unionists that this provided extensive rights to secondary action but some doubt has now been cast by the courts with last month's successful action by Express Newspapers against the National Union of Journalists over the blacking of copy from the Press Association news agency.

Lord Denning, rejecting an appeal by the union against a High Court decision, said that it was not sufficient that there should be intent to further a dispute but that there must be a reasonable prospect of achieving this in order to gain legal immunity.

The TUC originally hoped that the picketing law would be developed by the present Government from the basic position in the 1974 Act.

One particular concern of trade unionists is that they are frequently effectively prevented from stopping drivers of vehicles in an effort to persuade them to turn back—which sometimes gives rise to allegations of bias against the police. Although the Government has discussed the picketing issue with chief constables and other interested parties there has been no attempt to introduce further legislation on the issue.

Ministers made it clear as recently as November that the Government has no present intention of changing the picketing law.

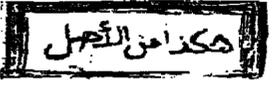
This means that many precise questions are left undefined. Decisions on whether a picket is peaceful and of a reasonable size can depend very much on the approach of individual senior police officers and can vary. In the provincial journalists' dispute, for instance, strikers have said that police attitudes are much more

tolerant towards picket lines in some places than others.

During the Grunwick dispute the issue of concern was picket line violence. Now it is the impact of the secondary picket—an increasingly familiar area of trade union activity. Mr. Arthur Scargill, Yorkshire area president of the National Union of Mineworkers, helped make his national reputation with his famous Ayring pickets at the gates of Salsley coke depot, Birmingham, in the 1973 miners' strike.

Sympathy Pressure for reform of this aspect of the law has grown rapidly with every day of the lorry drivers' stoppage and yesterday the Confederation of British Industry proposed that picketing should be confined to strikers' places of employment as the first move in a wider review of the law.

The issue is without doubt one on which the employers' organisation speaks with the sympathy of its members and picketing is, once again, a very live political issue.





THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Robert Graham on why Spain may have lost a major new investment to Austria or West Germany

# Not much of a fiesta for Ford in Spain

WHEN A big multinational like Ford dangles the prospect of a major investment in front of a European government, it expects red-carpet treatment. It usually gets it.

Last autumn, when Ford proposed a \$450m new investment in Spain, company executives expected an eager response. Spain was still deep in recession and parts of the automotive sector appeared ready to shed labour. Ford reckoned that with the private sector much in need of investment, and unions anxious for new jobs, its offer would be snapped up—as it was in West Germany and Austria, the other two countries on the shortlist.

But the Spanish Government has been surprisingly dilatory and has shown little real enthusiasm. This week, as a result, Ford all but closed the door, laying down a final deadline for a decision of mid-February. With general elections in Spain on March 1, the Government has other considerations on its mind.

Ford insists that it is happy with its existing Spanish operation at Almusafes, near Valencia, which has been producing the Fiesta for two years. Indeed, the irony of the situation is that Ford would be preferred Spain to either West Germany or Austria.



More Ford Fiestas? Spain is cool while Austria is keen for a chance.

But Chancellor Kreisky, on the eve of a key general election, has shown what Ford officials describe as "extraordinary interest" in the project. Quite apart from a "generous" cash grant, he has offered to ensure that all official cars ordered come from Ford and to write into Austria's trade agreements with Eastern Europe the purchase of Ford products.

The West German and Austrian responses—even if Ford is gloriosing them a trifle—suggest that the Spanish Government has been remarkably uninterested. Is this really true? If so, why?

For a start, the Spanish administration is not used to dealing with such take-it-or-leave-it offers. In the past, international companies have solicited the Spanish Government in order to be allowed into what is a highly protective (and profitable) market.

This was the case with Ford in the early 70s. But General Motors, also looking at Spain at the same time, did not find the conditions laid down by the Government attractive enough (although ironically it is once again thinking of coming into Spain).

Meanwhile the government offered to permit Ford the importation of 3,000 completed cars in 1979. Seeing that it was getting nowhere, Ford sent in the head of its European operations, Mr. H. A. Poling. He saw the Spanish industry minister, Sr. Agustin Rodriguez Sahagun, on December 3, and, convinced that the government was unable to begin serious negotiations, said that Ford was no longer interested in Spain for this investment.

Although Mr. Poling then wrote a letter to the Minister, informing him that negotiations were at an end, Ford still had hopes that the Spanish Government would rethink its position. After all, the Almusafes plant had proved highly cost-effective.

The Spanish car market, while sluggish in 1978 and almost certainly so again this year, was still relatively untapped by European standards and Almusafes had survived best of all Ford's European plants from the crippling effects of last year's Ford UK strike.

It was only this week that Ford finally felt it had to turn to its other two options.

In Germany the federal government, as well as the regional governments, is reluctant to see making large cash grants to American multinationals at a time when so many sectors of Spanish industry are competing for scarce funds—and particularly when the government is going to have to provide a massive cash injection for the main and ailing car producer, Seat, in order to make it sufficiently attractive for Fiat to buy.

The net result of all this may be that Ford does not turn to Spain again until the 1990s.

Some political parties have made more far-reaching participative proposals. Thus the Gaullist RPR advocates a type of co-management, inspired by the German system, where members of the "Directoire" or management board (in companies where such a body exists beneath a supervisory board), would be elected by all employees and would have equal power of decision with other members.

The Centre des Démocrates Sociaux (Social Democrats) have formulated more detailed proposals, involving both the top and the day-to-day management levels. Thus it is proposed that half the members of the supervisory board be elected by the employees and that a consultative board be set up, a quarter of whose members

would be elected by management and a quarter by other employees.

There is no lack of existing legislation on participation—including elements of what, in English, would be termed "consultation" and profit-sharing. Since 1965, when the works councils were created, regular additions have been made. The most important of these were the creation of a new level of union representatives—"delegates"—in 1968 and the regulations on profit-sharing passed in 1969, 1976 and 1977.

But whenever optional measures have been put forward, in connection with the profit-sharing rules, their implementation by firms has been very limited.

It is not surprising that a certain uneasiness surrounds the whole area of participation. All employees nurture vague and rather imprecise aspirations concerning participation. The political parties and the unions of the Left are hostile to reforms which do not question the very principles of capitalism. Many reformers also hesitate to open the door to true "industrial democracy."

That is why, although it is undeniable that the powers of the unions in the majority of large companies have increased as far as negotiations on salaries and working conditions are concerned, the many laws passed in the last 15 years of the Fifth Republic have had little decisive effect.

The reason may be that public opinion and those who form it have loaded participation with too many specifics. In the minds of the advocates of participation it implies employee involvement in increased levels in top management decisions, in day to day operations, and in the distribution of profits. Participation is expected to promote company growth, lead to the creation of a new form of savings, and to develop investment as laid out in the law of 1967 on profit-sharing.

In the spirit of the electoral manifesto of the government coalition in 1978, the so-called "Blanc Programme," participation is expected to contribute to "the cohesion and efficiency of the firm by improving the social climate."

There is no doubt that the aims are most ambitious. However, a section of politicians, notably the Gaullists, have always made it clear that they see the participation of employees in the running of the firm and in its profits as a true "social goal," a "third road" to be developed between the Marxist path on the one hand and the Capitalist one on the other.

As for the organisation of this industrial democracy, there is some common ground between a section of the Government majority and part of the Opposition. Monsieur Michel Rocard, one of the National Secretaries of the Socialist Party—has been heard to say to a Gaullist Minister: "If Gaullie had not stolen the word 'participation' from us, it is the word that I would use as it describes more closely what we want to do than does 'auto-gestion' (worker's control)."

Jean Saint-Geours is President of the Metra Group of consulting companies.

## Ambitious proposals for French worker participation

BY JEAN SAINT-GEOURS

UNEMPLOYMENT and industrial restructuring may capture the daily headlines, but the more permanent and fundamental issue of worker participation is still a major pre-occupation at least of employers and employees in France, and will reappear on the parliamentary timetable after Easter.

Three Government proposals are at present being analysed or are under discussion in parliament, and are likely to lead to legislative Acts.

The first proposal, dating from last June, sets out that, in firms with more than 500 employees, two representatives elected from management staff will sit on the board of directors or supervisory board. They will have the same rights and the same obligations as a director representing the shareholders.

The management unions are backing this proposal, which appears to fulfil the wishes of their members, in spite of the often confused character of these aspirations. However, neither the employers nor the other unions are in favour of this proposal.

The second Government proposal still in a state of preparation inside the Administration, would lead to worker participation in the improvement of working conditions on the shop floor. The initial draft stipulates that all firms will be obliged to allocate at least 1 per cent of their annual capital investment towards the improvement of working conditions. In some industries, investment is relatively high compared with the number of staff employed, so part of the amount would probably remain unused.

The balance would go to make up a national fund, which would be distributed between less investment-intensive firms, the detailed use being decided by employees on the actual shop floor itself.

The purpose of this rather revolutionary Government proposal is to impose self-regulatory management right down to the level of production itself.

If the draft proposal were adopted, France would officially take a first step along the path of workers' control ("auto-gestion").

The third proposal, adopted in principle by the Council of Ministers late last year, concerns employee participation in the profits of the company; it proposes distributing to the staff of companies quoted on the Stock Exchange up to 3 per cent of their shares. The essential problem is to find the means of financing this generous operation.

Some political parties have made more far-reaching participative proposals. Thus the Gaullist RPR advocates a type of co-management, inspired by the German system, where members of the "Directoire" or management board (in companies where such a body exists beneath a supervisory board), would be elected by all employees and would have equal power of decision with other members.

The Centre des Démocrates Sociaux (Social Democrats) have formulated more detailed proposals, involving both the top and the day-to-day management levels. Thus it is proposed that half the members of the supervisory board be elected by the employees and that a consultative board be set up, a quarter of whose members

would be elected by management and a quarter by other employees.

There is no lack of existing legislation on participation—including elements of what, in English, would be termed "consultation" and profit-sharing. Since 1965, when the works councils were created, regular additions have been made. The most important of these were the creation of a new level of union representatives—"delegates"—in 1968 and the regulations on profit-sharing passed in 1969, 1976 and 1977.

But whenever optional measures have been put forward, in connection with the profit-sharing rules, their implementation by firms has been very limited.

It is not surprising that a certain uneasiness surrounds the whole area of participation. All employees nurture vague and rather imprecise aspirations concerning participation. The political parties and the unions of the Left are hostile to reforms which do not question the very principles of capitalism. Many reformers also hesitate to open the door to true "industrial democracy."

That is why, although it is undeniable that the powers of the unions in the majority of large companies have increased as far as negotiations on salaries and working conditions are concerned, the many laws passed in the last 15 years of the Fifth Republic have had little decisive effect.

The reason may be that public opinion and those who form it have loaded participation with too many specifics. In the minds of the advocates of participation it implies employee involvement in increased levels in top management decisions, in day to day operations, and in the distribution of profits. Participation is expected to promote company growth, lead to the creation of a new form of savings, and to develop investment as laid out in the law of 1967 on profit-sharing.

In the spirit of the electoral manifesto of the government coalition in 1978, the so-called "Blanc Programme," participation is expected to contribute to "the cohesion and efficiency of the firm by improving the social climate."

There is no doubt that the aims are most ambitious. However, a section of politicians, notably the Gaullists, have always made it clear that they see the participation of employees in the running of the firm and in its profits as a true "social goal," a "third road" to be developed between the Marxist path on the one hand and the Capitalist one on the other.

As for the organisation of this industrial democracy, there is some common ground between a section of the Government majority and part of the Opposition. Monsieur Michel Rocard, one of the National Secretaries of the Socialist Party—has been heard to say to a Gaullist Minister: "If Gaullie had not stolen the word 'participation' from us, it is the word that I would use as it describes more closely what we want to do than does 'auto-gestion' (worker's control)."

Jean Saint-Geours is President of the Metra Group of consulting companies.

### Preference

The second, and apparently preferred option, was to expand considerably the ultra-modern Almusafes plant in which Ford had already invested over \$650m. Capacity would be more than doubled to 1,800 units a day. Initially, Ford would boost Fiesta production from just over 700 units per day to 1,500, and it would then introduce a second model—the Teresa or Taunus replacement. Total investment would be \$450m and 5,000 jobs would be

created, plus a similar number indirectly. Ford already had the land at the existing site and had in fact thought of precisely such an eventuality at the time of initial construction.

The third option was to go to a "greenfield" country where there was no Ford manufacturing presence. Austria was selected, both because of the potential attractiveness of investment incentives, and also because it offered the prospect of breaking into new markets, especially Eastern Europe. The plant would produce a mix of the new Taunus and Escort models, with an initial total output of 900 per day. The cost of this venture was put at \$650m.

A pre-condition of this investment, no matter where, was that Ford Europe find its own funding and not depend upon Detroit. According to Ford executives in Madrid, the mother company has to devote a major part of its resources over the next seven years to

meeting U.S. investment requirements and the demands of the ever-tightening legislation surrounding the U.S. auto industry.

Ford was not keen to turn to the international money markets for substantial finance—a move the company thought could have a negative impact on its credit rating. It was planned that the bulk of the necessary new finance would come in special soft credits, government grants, tax holiday and investment incentives.

After careful study of the various special aids available within the EEC and outside, Ford drew up a formula which it felt a government would accept, given the extensive socio-economic effect of such a new investment.

### Special law

Ford proposed that the respective governments offer a cash grant, equivalent to 35 per cent of the total investment cost. In addition it sought special privileges on imported goods necessary for the construction of the plant. Subsidies for manpower training, a cut in the level of state and regional taxes, exemption from paying for infrastructure costs, availability of official (and cheaper) credit both for financing of exports and stocks.

In the case of Spain, Ford made two further demands. The company pointed out that it could not undertake new investment in Spain without first seeing a general revision of the protective tariff legislation on car imports and a modification of the so-called "Ford law."

The latter was a special law whereby Ford was allowed to enter Spain in the early 1970s and set up the Almusafes plant. In return the company accepted the restrictions on its domestic

### German option

In Germany the federal government, as well as the regional governments, is reluctant to see making large cash grants to American multinationals at a time when so many sectors of Spanish industry are competing for scarce funds—and particularly when the government is going to have to provide a massive cash injection for the main and ailing car producer, Seat, in order to make it sufficiently attractive for Fiat to buy.

The net result of all this may be that Ford does not turn to Spain again until the 1990s.

Some political parties have made more far-reaching participative proposals. Thus the Gaullist RPR advocates a type of co-management, inspired by the German system, where members of the "Directoire" or management board (in companies where such a body exists beneath a supervisory board), would be elected by all employees and would have equal power of decision with other members.

The Centre des Démocrates Sociaux (Social Democrats) have formulated more detailed proposals, involving both the top and the day-to-day management levels. Thus it is proposed that half the members of the supervisory board be elected by the employees and that a consultative board be set up, a quarter of whose members

would be elected by management and a quarter by other employees.

There is no lack of existing legislation on participation—including elements of what, in English, would be termed "consultation" and profit-sharing. Since 1965, when the works councils were created, regular additions have been made. The most important of these were the creation of a new level of union representatives—"delegates"—in 1968 and the regulations on profit-sharing passed in 1969, 1976 and 1977.

But whenever optional measures have been put forward, in connection with the profit-sharing rules, their implementation by firms has been very limited.

It is not surprising that a certain uneasiness surrounds the whole area of participation. All employees nurture vague and rather imprecise aspirations concerning participation. The political parties and the unions of the Left are hostile to reforms which do not question the very principles of capitalism. Many reformers also hesitate to open the door to true "industrial democracy."

That is why, although it is undeniable that the powers of the unions in the majority of large companies have increased as far as negotiations on salaries and working conditions are concerned, the many laws passed in the last 15 years of the Fifth Republic have had little decisive effect.

The reason may be that public opinion and those who form it have loaded participation with too many specifics. In the minds of the advocates of participation it implies employee involvement in increased levels in top management decisions, in day to day operations, and in the distribution of profits. Participation is expected to promote company growth, lead to the creation of a new form of savings, and to develop investment as laid out in the law of 1967 on profit-sharing.

In the spirit of the electoral manifesto of the government coalition in 1978, the so-called "Blanc Programme," participation is expected to contribute to "the cohesion and efficiency of the firm by improving the social climate."

There is no doubt that the aims are most ambitious. However, a section of politicians, notably the Gaullists, have always made it clear that they see the participation of employees in the running of the firm and in its profits as a true "social goal," a "third road" to be developed between the Marxist path on the one hand and the Capitalist one on the other.

As for the organisation of this industrial democracy, there is some common ground between a section of the Government majority and part of the Opposition. Monsieur Michel Rocard, one of the National Secretaries of the Socialist Party—has been heard to say to a Gaullist Minister: "If Gaullie had not stolen the word 'participation' from us, it is the word that I would use as it describes more closely what we want to do than does 'auto-gestion' (worker's control)."

Jean Saint-Geours is President of the Metra Group of consulting companies.

The ability to advise on investment should be seen against the background of our other interesting properties.

## St Quintin

CHARTERED SURVEYORS

For nearly 150 years we have been providing a service to those requiring advice on property. Many leading investors and developers start their project involvement with valuations and guidance from firms like ours. Professional support of this kind helps you to assess the potential of a property. But advice on property investment is just one of our services as we have an extensive portfolio of commercial and industrial property for occupation. Some of our other useful properties may be worth looking into.

Vinty House, Queen Street Place, London EC4R 1ES. Telephone: 01-236-4040. Telex: 8811619.  
St. Quintin, 14 Park Place, Leeds LS1 2RU. Telephone: 0532-462355.  
St. Quintin SA, Rue Joseph II, 36-38, 1040 Brussels. Telephone: 010-322-219-32-88. Telex: 61182.



We are pleased to announce the opening of our First National Bank of Minneapolis London Representative Office

33 Eastcheap  
London EC3M 1DT  
Telephone: 01-623-1585  
Telex: 888 611

Paul N. Dahlie, Vice President and European Manager



First National Bank of Minneapolis, 120 South Sixth Street, Minneapolis, MN 55402, U.S.A. Member of First Bank System • Member FDIC

## Managers not finance blamed for poor product design

BY CHRISTOPHER LORENZ

ONE OF the most fundamental elements in the Cornfield Report on Product Design, presented to the National Economic Development Council on Wednesday, was that the quality of British industrial products suffers from the way design is often managed in relation from other key functions.

Statistical support for this thesis has now come from a new study of managerial attitudes to design in the UK and Canada. But the study does not bear out the widely-held view that design problems are often caused by inadequate financing.

Carried out by Alan Topalian, a design consultant whose earlier work is cited in the Cornfield Report, the study also suggests the conclusion of a recently-held design symposium: that most managers do not consider their designers' lack of commercial awareness and experience to be a major cause of problems in the management of design projects.

The study forms part of an unusual research and teaching programme being conducted by Mr. Topalian. Apart from subjecting the design process to scrutiny "on the ground," he is offering extremely detailed advice on how to manage design projects, from pre-project work right through to final evaluation.

His new survey, conducted over a two-year period at universities, business schools in the UK and Canada, tested the opinions of 242 managers in a wide range of industrial sectors. Over two-thirds of the managers had been responsible for design projects, or had participated in them, and were classified for the purposes of the survey as "experienced."

Participants were asked to indicate agreement or disagreement with 28 statements on difficulties perceived in managing design projects. Virtually all these statements were distilled from those often raised by managers and designers when discussing design, says Mr. Topalian.

The most surprising overall result was that managers seem to blame themselves, rather than their designers, for the design problems their companies encounter.

Only one out of the nine statements that elicited most

agreement from the "experienced" UK managers, directly concerned the shortcomings of designers; the first eight pointed the finger—either straight or by implication—at the managers themselves.

The following, in order, are the nine most popular statements about "Why design projects are difficult to manage":

1—To manage them effectively requires getting involved in a wider field than indicated by the stated problem.

2—Senior managers rarely appreciate what design projects involve. (A higher proportion of senior managers than those at other levels agreed with this statement.)

3—Management does not prepare itself rigorously to carry them out.

4—They fall, by nature, into unfamiliar management territory.

5—There is a significant lack of information at the start of each project.

6—Frequently too much is expected of design projects.

7—It is difficult to ensure that associated activities necessary to support the solutions of such projects are carried out effectively.

8—It is hard to select the right designer for the problem at hand.

9—The way designers work conflicts with the way management works.

Only then, in tenth equal place, were cited "Designers are insufficiently experienced in business matters," together with "Designers have insufficient understanding of business matters," and "Few managers take any real interest in design projects."

Another interesting overall result of the survey was that there was little significant difference between the attitudes of the UK and Canadian managers who had experience of design projects. The main exception was that it was the Canadians, not the British, who rated highly the statement "There is generally inadequate finance to undertake design projects effectively."

"Design projects are difficult to manage because..."

Findings of a survey by Alan Topalian, 52 Green Acres, Crofton CRO SUX. Tel. 01-688-6170.

## Business courses

Successful Negotiating, London/Paris/Amsterdam. February 20-21; London, February 22-23, Paris, February 26-27, Amsterdam. Details from AMR International, 6-10, Frederick Close, Stanhope Place, London W2. Training for Purchasing, London, March 7-9. Fee: £100 plus VAT. Details from Purchasing Economics, Pel House, 35 Station Square, Petts Wood, Kent BR5 1LZ. Import Workshop, London, March 7-9. Fee: £185 plus VAT. Details from PMG Executive Training and Development, 207 Victoria Street, London SW1E 5NE.

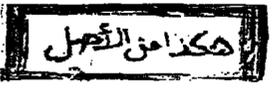
## At the Selfridge Hotel, we put you first.

Some hotels boast of their superb, old-fashioned service. Some offer you every modern comfort. The Selfridge Hotel promises you both. Our service isn't merely good, it's an art form. From the moment you step inside our impressive reception, you're treated as the most important person in our lives, whether you're in London on business or for pleasure. We're in the very heart of London, within walking distance of all the places you want to visit and next door to



Oxford Street itself. Yet your air-conditioned room is as quiet and peaceful as can be triple glazing takes care of that. Enjoy a gourmet meal in Fletcher's Restaurant, one of the finest in London. Or a more informal meal in our pretty Picnic Basket restaurant. There's 24-hour room service. Marvellous comfort. Friendly, welcoming staff whose business is to make sure everything goes your way. So that you'll come back our way, again and again.

The Selfridge Hotel  
Oxford Street, London W1. Tel: 01-406 2080. Telex: 22361  
Other hotels in the EMI group are The Grosvenor Hotel, The Royal Horse Guards Hotel, The Royal Telford Hotel and The Royal Albert Hotel in London and The Royal Angus Hotel in Birmingham.  
EMH  
HOTELS  
We put you first.





# THE PROPERTY MARKET BY JOHN BRENNAN

## No glut, no famine

A LOT OF nonsense is talked about an imminent office space famine in London. In the same way that oil men explain that there is no real world shortage of fossil fuel—at a price—so the capital's office market contains a wealth of potentially available office space that will be released to meet letting demand once rents reach a sufficiently high level to persuade existing tenants to assign space, or developers to initiate new schemes.

Three separate surveys of overlapping office markets in the west and centre of London, all published this week, suggest that London's office market as a whole is moving steadily from glut into balance. But the surveys, covering the West End and Victoria, Mayfair and St. James's, and Holborn, provide no evidence to support fears of an incipient space famine.

Leslie Lintott and Associates in its review of air conditioned offices in the West End and Victoria area, estimates that 962,000 sq feet of such offices were taken off the market last year at average rents of £10 a sq foot. Units of less than 10,000 sq feet provided the strongest market, accounting for 104 of the 124 lettings recorded by Lintott.

The firm notes a marked reluctance on the part of major companies to pay high asking rents for larger office units and its analysis of asking rents shows that, against an average of £11.97 a sq foot for all the 594,000 sq feet of air conditioned offices now available in the area, a premium of more

than £1.50 a sq foot over this average is being asked for units of 25,000 sq feet or more.

This apparent reluctance to pay over-the-odds for larger office units makes a nonsense of the suggestions that prospective tenants are being panicked into taking space before it disappears from the market. And Lintott, now commissioned to look for a 150,000 sq ft headquarters building for one of its oil company clients in London or within 40 miles of the centre for occupation in mid-1979, is fairly relaxed about finding a suitable building in time.

Drivers Jonas, in its December analysis of offices in Mayfair and St. James's also published this week, notes the steady take-up of available space throughout 1978 and a steady rise in rents. Average asking rent of £8 a sq ft at the beginning of last year have risen to £9.50 a sq ft now. But here again there is no evidence of panic lettings, merely a steady erosion of the overhang of unlet space. Over the year available space in the area has fallen by 53 per cent to 269,000 sq ft with 1.02m sq ft coming off the market compared to 1.23m sq ft in 1977.

This picture of a gradual take-up of available space and a gentle but continual rise in rental levels also applies to Holborn where De Groot Collis reports that, after 1.6m sq ft of lettings in 1978, for the first time in years agents have more inquiries than properties on their books. Holborn is traditionally an

overspill area for tenants unable to find suitable offices in the West End or the City. As such it is a fairly accurate barometer of letting activity in the capital as a whole. And once again the signs point to an active, but not yet overheated market with rents now ranging up to £7.50 or £8 a sq ft in High Holborn and as high as £10 a sq ft for fashionable small units in Covent Garden.

De Groot reports that developers with schemes underway are tending to delay marketing until letting pressure has further boosted rents, and it notes the market speculation that the Town and City and Prudential may hold out for £14 to £15 a square foot for their 163,000 square foot Gamages development due for completion later this year.

Townsend Thoresen's 35,000 square foot scheme, and Oldham Estates 40,000 square foot development, both on High Holborn and both due for completion in 1980, are already believed to have drawn enquiries from prospective tenants.

As space is taken up and rents rise, De Groot believes that Holborn will eventually be ranked alongside the traditional office centres of the City and West End as a prime office market rather than a second choice, overspill area.

In the meantime Holborn is clearly serving its overspill role, and in doing so it helps to keep the London office market stable. The glut of space is vanishing. But rising rents and tenants willingness to move to areas away from the traditional "prime" areas ensure that there is still no danger of a genuine space famine.

## British Land breaks with Cazenove

Cazenove and Company, traditionally recognised as one of the leading "blue-blood" stockbroking firms of the City, quietly ceased to be British Land's brokers last November.

Peter Hardy, head of Rowe and Pitman, Hurst Brown's property department (and the broker who introduced British and Commonwealth's share stake in City Offices to John Ritblat as the basis of British Land's 29 per cent stake in that group) has inherited the property group's business. As Cazenove's contacts provided the lubricant for British Land's £50m-plus refinancing scheme in the autumn of 1977 this unusual step of changing brokers after such a complex and successful stock market operation has inevitably raised the question of whether there was a row between broker and client.

But what row? David Cohen, British Land's finance director dismisses out of hand the market rumours that Cazenove did not appreciate Mr. Ritblat's approach to share dealing and he explains that the move from Cazenoves to Rowe and Pitman was completely amicable. Peter Hardy also dismisses the market belief that a row sparked the change of brokers. Cazenove for its part, discreet as always over any client-broker relationship, has "no comment" to make on the change.

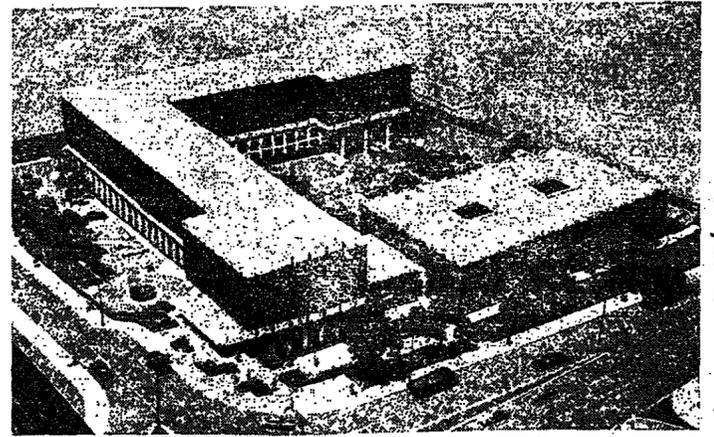
Whatever the reasons for the change, British Land must be a

AGB RESEARCH, Britain's only publicly quoted market research group, has signed a £5m joint financing deal with Taylor Woodrow for a new headquarters building in Ealing, W5.

In a complex funding deal, hammered out between Morgan Grenfell, AGB's merchant bankers, and Phillip J. Sinclair and Co., Taylor Woodrow's consultant surveyors, the research and construction groups have established a joint company to develop and hold the former GEC site at the junction of Hanger Lane, Western Avenue, and the North Circular Road. By January 1981, AGB should be able to move into 120,000 sq ft of new offices, with 20,000 sq ft of industrial space, at an initial rent of around £650,000 a year.

The old GEC site has been standing empty since the electronics group's Oaram light bulb subsidiary moved three years ago. Taylor Woodrow later acquired an option to buy the land. But last spring AGB, then advised by Healey and Baker, paid £875,000 for the site subject to changes in the existing planning permission.

Permission for a new industrial building with associated office accommodation had been



granted in the 1960s, but was unsuitable for a headquarters office. By August, AGB had won permission for its 120,000 sq ft air-conditioned office scheme and was deep in talks with Taylor Woodrow about financing and construction.

In November, Phillip Sinclair and Morgan Grenfell finally agreed to a 40-page funding agreement involving the creation of a new company, Hanger Lane Holdings (owned jointly by AGB and Taylor Woodrow Properties) that will

finance and own the completed investment. As soon as the agreement was signed Taylor Woodrow Construction started work on the £5m building programme and expects to have finished the work within 24 months.

demanding client for Rowe and Pitman. Apart from its active share dealing business—which has taken its stake in Churchbury Estates to just over 20 per cent in recent weeks and its City Offices holding to within-sight of the one third bid "trigger"—the group is still actively considering debt and asset restructuring moves.

The latest area of financial management activity is Australia, where British Land is considering a number of possible refinancing deals including introducing additional local and

British institutional finance through the creation of a form of property unit trust.

Mr. Cohen makes it clear that recent press reports about the imminent creation of an Australian unit trust were premature. This is only one of the many reconstruction schemes under consideration by the board. Nevertheless, some form of refinancing appears to be afoot down-under, where inter-group interest charges (which produce a nominal pre-tax loss for the subsidiary or around £1m a year) tend to obscure the high

quality and saleability of its fully let £27m portfolio.

### IN BRIEF

**FIRE DAMAGE** cost British industry a record £28m in the first eleven months of 1978 and insured crime losses now run at over £50m a year. But factory and warehouse tenants and owners are still astonishingly lax about insurance cover.

In a survey of 100 companies—ranging in size from those with insurable risks of between £1m and £3m insurance brokers and financial advisers

Pointon York discovered that just 19 of the 100 companies had adequate cover or cover that was no more than 15 per cent lower than the replacement cost of buildings and equipment.

No less than 55 of the companies surveyed has cover for 85 and 70 per cent of the current value of their property, 17 were insured for between 50 and 70 per cent of replacement costs, and seven trusting souls had cover that would provide less than half of their property's worth.

# INDUSTRIAL AND BUSINESS PROPERTY

01-930 9731  
**Offices To Let**

EC2	7,000 sq.ft.
SE1	4,400 sq.ft.
W1	460 sq.ft.
W1	320 sq.ft.

**Clients' office requirements**

WC2	800-1,000 sq.ft.
Victoria	3,500-4,000 sq.ft.

Freehold or long leasehold buildings in Brook Street, Grosvenor Street and immediate area.

Freehold or long leasehold buildings in Central London suitable for refurbishment.

**DRIVERS JONAS**  
18 PALL MALL, LONDON SW1Y 5NF

**K for Industry**

**COVENTRY**  
New Warehouse/Factory Development  
To requirements to 200,000 sq. ft.  
Phase 1 Units from 2,750 sq. ft.  
TO LET or FOR SALE FREEHOLD

**GILLINGHAM**  
Warehouse and Factory Units  
From 5,000 sq. ft.  
TO LET EARLY SUMMER 1979

**LONDON, E.6**  
Refurbished Single Storey Offices  
5,000 sq. ft. and 9,500 sq. ft.  
TO LET - IMMEDIATE OCCUPATION

**SOUTHWARK, S.E.1**  
Modern Industrial Building  
14,575 sq. ft.  
TO LET (Will Divide)

**STAPLES CORNER**  
Superb new warehouse with offices  
20,000 sq. ft.  
TO LET - READY SPRING

**SWINDON, (Cheyney Manor)**  
Warehouse/Factory Premises  
9,320 sq. ft.  
LONG LEASEHOLD - FOR SALE

**TAUNTON**  
4,350-8,700 sq. ft.  
Warehouse/Factory  
TO LET - IMMEDIATE OCCUPATION

**WATFORD**  
New Warehouse Units  
3 x 10,137 and 34,683 sq. ft.  
IMMEDIATE OCCUPATION - TO LET

**King & Co**  
Chartered Surveyors  
1 Snow Hill, London, EC1  
01-236 3000 Telex 885485  
Manchester, Leeds and Brussels

A Development by Legal & General

**27-28 Finsbury Square EC2**  
58,000 sq. ft. approx  
Air-Conditioned Office Building  
Now Available on Lease

JOINT SOLE AGENTS  
**SMITH MELZACK**  
37 ST. HELEN'S PLACE, LONDON EC3 & TEL: 01-638 4591

**JONES LANG WOOTTON**  
Chartered Surveyors  
33 KING STREET, LONDON EC2  
Tel: 01-608 4060

**Headquarters Office Building**  
St. Paul's - 5 minutes  
10,640 sq. ft. Lift—Central Heating  
Vacant Possession  
FOR SALE—FREEHOLD

**City Office Investment**  
Fully Let—Income £31,800 p.a.  
Early Rent Reviews—Freehold  
Offers in Excess of £350,000

**Keningtons**  
Chartered Surveyors  
Douglas House  
55a Duke Street  
Grosvenor Square  
London W1M 5DH  
01-499 8994

**FOR SALE**

2500 sq. ft. in  
Mansford, Cheshire  
1000 sq. ft.

Major distributors require:  
Approx. 8-10,000 sq. ft. warehousing and  
Approx. 1,000 sq. ft. offices  
**NORTH-WEST SURREY AREA**  
Rent, lease or freehold purchase

Full details to—  
**G. S. GERRARD LTD.**  
10, Argyll Street, Oxford Circus, London W.1.  
Attn. L. D. Conquest

**Dunlop Heywood & Co**  
Chartered Surveyors  
90, Dean's Gate, Manchester  
061-834 8384 Telex 667262

**MODERN FACTORY/WAREHOUSING TO LET**

**KIDDERMINSTER, WORCESTERSHIRE**

- ★ 26,500 sq. ft. (2461.93 m<sup>2</sup>) in two new units.
- ★ Main Road Access to Junction 3 of M5 Motorway.
- ★ 18ft. Eaves height.
- ★ Alternative Factory User available.
- ★ Fully serviced with good car parking.
- ★ 25 year leases.

Joint Agents:  
HANNETT RAFFETY, HIGH WYCOMBE 21234  
HARTNELL/TAYLOR/COOK, BRISTOL 39061  
SHIPWAY DOBLE & EARLE, BIRMINGHAM 643 8822

**Grimley & son**  
CHARTERED SURVEYORS  
51 Prince's Place, Birmingham B3 2JQ  
021-236 8236 Telex: 337291  
London 01-834 8384 Brussels 02-312 16 12

BY DIRECTION OF THE SECRETARY OF STATE FOR DEFENCE

**HARTLEBURY WORCESTERSHIRE**

**EXCELLENT WAREHOUSING**

FLOOR AREA 184,695 SQ. FT.  
FREEHOLD SITE AREA 15.73 ACRES.

- ★ FORMER R.A.F. MAINTENANCE UNIT
- ★ FOUR LOFTY WAREHOUSE BUILDINGS WITH ANCILLARY ACCOMMODATION

**FOR SALE BY AUCTION**  
ON  
WEDNESDAY, 28th FEBRUARY 1979

**EDWARDS BIGWOOD & BEWLAY**  
75, COLMORE ROW  
BIRMINGHAM B3 2JG  
021 236 8477

هكذا من الأهل

**KILMARNOCK and LOUDOUN**

**Loreny Industrial Estate**

The estate is located towards the southern outskirts of Kilmarnock and, with a frontage on Ayr Road, enjoys first class access to the A77.

Four plots of approximately 1 acre each are available for industrial development, services of water, electricity and drainage are available. The plots are capable of being developed to accommodate large single units but the development of the plots with a number of smaller units is not excluded. The plots would be suitable for various manufacturing or warehousing activities. One plot might be used for a strip retailing operation of the cash-and-carry type.

Leased up to 99 years can be negotiated.

Further particulars can be obtained from The Industrial Development Officer, Kilmarnock & Loudoun District Council, Civic Centre, Kilmarnock. Telephone Kilmarnock (0583) 21140.

**BERKELEY SQUARE**

LONDON, W.1

**PRESTIGE SHOWROOMS WITH OFFICES**  
3,560 SQUARE FEET

MODERN BUILDING: TWO PASSENGER LIFTS  
SUPERB ENTRANCE HALL

Apply Sole Letting Agents:

P. J. Williams & Co.

6 Stratton Street, Piccadilly, W.1

01-493 4164 or 01-492 1138

**Peterborough**  
Development Corporation

**OFFICE SITES** 1/2-100 acres

**Ring John Case**  
0733 6893

**SHORT TERM OFFICES**  
IN LONDON

John Carpenter House, EC4

Why be tied to a long lease when you can rent a fully serviced office or suite in the heart of London on a short-term renewable basis?

These modernised centrally-heated offices are ideal for companies looking for temporary prestige offices in London. Facilities available include conference room, multi-lingual secretarial, telex, messenger, photocopying and 24-hour answering service. For further details telephone 01-853 8791.

**PROPERTY DEALS**

**Cambridge Circus for £12.40 a foot**

TWENTY YEARS after the first post-war redevelopment plans were drawn up for Cambridge Circus in London's West End, a net 145,000 sq ft of new offices are being offered for £18m a year.

Joint developers, Town and City Properties and the privately owned National Freehold and Leasehold Property, have not yet agreed funding for the £10m building work as they await the results of the pre-letting marketing drive. But if a tenant can be found in the next few months for the whole, or a substantial part of the office space, the building should be ready for occupation by mid-1981. And in two years' time a rent of £12.40 a sq ft (with an inflation clause to cover any exceptional rise in construction costs in that time) could look reasonable despite the location that is neither in the traditional West End office market nor the City fringe.

Healey and Baker, and Moss and Partners, are acting for the developers, who have planning permission and a speculative Office Development Permit to build a 10-storey air-conditioned block on the Circus site. The new building will face the Circus and stretch into Charing Cross Road and Shaftesbury Avenue.

The Phoenix Theatre, which forms part of the site is to be preserved, and the planners have insisted that buildings facing Charing Cross Road are limited to a height of seven floors. This has involved the design of a partial pyramid shape, stepped from the fifth floor. Around 18,000 sq ft of street level shopping will be included in the development. But this will not be offered for letting until the work nears completion.

REGENT STREET, Leeds proved to be the graveyard of a number of developers' ambitions in recent years. Plans for the redevelopment of this key site close to the Leeds motorway links were hawked around until the property crash of 1974, when British Leyland agent Arnold G. Wilson and Company acquired the land for its own use. Now the privately owned Centros Properties has paid Wilson £100,000 for a 1.2 acre section of the Regent Street site and plans to build a £400,000 office/warehouse development on the land.

Centros, which now has a £10m property development programme underway throughout the country, has signed up Sun Alliance Insurance Group as its funding partner for a 33,000 sq ft development pro-

viding three 11,000 sq ft units. Heavy snow delayed the start of ground-work on the site. But building work should start in March or April and the development is expected to be completed early in 1980. By that time Centros hopes that the showroom and office content of the buildings will support an overall asking rent of around £1.70 a sq ft and a completed investment value for the scheme of around £1m. Leeds agents Eadon Lockwood and Riddell acted for the developer on the site acquisition and will stay as joint agent with Wilson's adviser, Hadfield Cawkwell Davidson and Partners of Sheffield, on the letting.

GROSVENOR ESTATE'S now has the full weight of letting fashion on its side as tenants look for smaller office suites in the West End. The estate has had no difficulty in finding a queue of hopeful tenants for its 3,500 sq ft high Victorian office building at 156 Buckingham Palace Road, SW1 at a reputed asking rent of £7.50 a sq ft. Although the offices have only been partially refurbished by being redecorated and reconditioned to incorporate basic heating, plumbing and electrical services. Publicity, advised by Strutt and Parker, has taken a 20-year lease with five yearly reviews at close to the asking rent. Rutter and Rutter acted for Grosvenor on the letting.

FUJII BANK, Japan's number two and the fourteenth largest bank in the world, has found a new City home in Provident Mutual Life Assurance Association's former headquarters building at 25 to 31 Moorgate. The bank, advised by De Groot Collis, is understood to have agreed a rent of around £300,000 a year for the 17,000 sq ft of offices, 1,700 sq ft banking hall and 800 sq ft of storage space in the basement of the recently refurbished Provident Mutual block which fronts both Moorgate and Coleman Street. Weatherall Green and Smith and St. Quintin acted jointly for the insurer.

NEVILLE CHAMBERLAIN'S first flight in an aeroplane—to the Munich Conference with Adolf Hitler in 1938—started at Heston Aerodrome in Middlesex. Now, Chesterton Properties has acquired the 31-acre former terminal site from the Civil Aviation Authority for £800,000 and has demolished this piece of history to make way for a 78,557 sq ft industrial and warehouse estate due for completion late this year. Edward Erdman who advised on the purchase is retained as the letting agents for 3,000 to 11,000 sq ft units at £2.50 to £3 a sq ft.

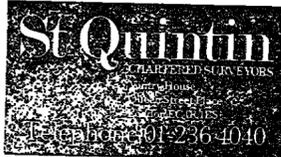
J B

**2 Cophthall Avenue EC2**

**16,466 sq.ft. New Air-conditioned Banking Hall and Office Accommodation To Let**

Close to Bank of England Stock Exchange and other major financial institutions.

- Self-contained Building.
- Carpeted throughout.
- High speed lift.
- Bronze tinted solar glass.
- High Quality Specification.



**Richard Ellis**

Chartered Surveyors  
64 Cornhill, London EC3V 3PS  
Telephone: 01-283 3080

**Factories and warehouses**  
1,000 to 40,000 sq. ft.

**Sites up to 50 acres**  
Skilled labour available.

Housing for new and existing staff.

**Telford**

Ring Bob Tilmouth  
0952 613131

**Chestertons West End Offices**

75 Grosvenor Street, London, W1X 0JB  
01-499 6404

**Refurbished Offices, N.W.1.**  
**13,535 Sq. Ft. approx.**

Self-contained, first floor offices in open plan, including carpeting, suspended ceiling, integral lighting, prestige marble-lined entrance hall, lifts and Commissionaire service.

For further details contact M.G. or R.E.A.S.

Chestertons, Chartered Surveyors. For all your property needs

**INTERNATIONAL PROPERTY**

**CALIFORNIA INVESTMENTS**

**SANTA BARBARA**

Beachfront (on the sand) 2.98 acres plus 7 houses. Can be split, condominium converted or redeveloped. Excellent value. Rental income \$42,000. Terms available. Price: \$1,650,000. Contact Bernard MacElhenry, (805) 852-2126 or (805) 967-9669 for details.

**OFFICE BUILDING**

Brand new 40,000 square foot building. Top location near new government centre. Completed in February. Unique design. Split block and redwood. Projected income \$115,000. We will lease (partly full). Price: \$1,595,000. Contact John Mendelsohn, (805) 687-2018.

**VENTURA COUNTY**

**5.2 Acres M-3**

Corner 362 & 628. Can be split into 4 lots. Prime location, good access, visibility, traffic. Can be developed or split and sold. Big demand location, no vacancy in the area. Price: \$575,000. We can manage or develop for you. Contact Bernard MacElhenry, (805) 852-2126.

**4.34 Acres**

Commercial zoned corner next door to Holiday Inn, shopping centre and across from high volume restaurants. Plans for motel, shopping centre, Bank of America or restaurant. Price: \$850,000 (\$4.50 per square foot). We can develop for you. Contact Bill Wagner, (805) 687-2018.

3,000 acres, part ocean frontage, ring, stables, facilities. Avocado grove can be planted, recreation park (campers) can be expanded, can be subdivided, 20 minutes to Santa Barbara, two hours to Los Angeles. Excellent ranch for income and profit. Contact John Mendelsohn, (805) 687-2018.

**MacELHENRY, LEVY & CO., INC.**  
We are one of California's largest real estate firms and we are developers of shopping centres, offices, homes, or industrial. We can provide full western United States and we can provide you with research or opinions on your properties anywhere in the U.S.A.

**MacELHENRY, LEVY & CO., INC.,**  
3938 State St.,  
Santa Barbara, California 93105.

**VIRGINIA—U.S.A.**

**ROSE HILL**

495-acre working farm situated in the heart of the Rapidan Hunt country, 75 miles from Washington, D.C. 415 open acres with 300 croppable corn-rose Hill is a 2-story 3-bedroom brick home set amid towering shade trees. Two tenant houses and a full complement of farm buildings are protected by 5,000 feet of river frontage and nearly 2 miles of road frontage. \$288,000. Brochure.

For the finest selection of Virginia properties contact:

**ROY WHEELER REALTY COMPANY**  
COURT SQUARE, CHARLOTTESVILLE, VA 22901  
804-298-4171

**SOUTH FLORIDA LAND**

Three parcels of land 350 to 8,000 acres. ALL CASH

Contact:  
**ROBERT M. COUF, Broker**  
320 S.W. 9th Avenue  
Hialeah, Florida USA 33009  
(305) 454-2035

**MOTOR HOTEL**

Toronto, Ontario, Canada

Highly successful prestige 130-room Motor Hotel on new Clewett Rd., situated on 14-acre corner site with additional adjacent investment acreage available.

Contact:

**Mr. K. H. Ceresno**  
Chartered Accountant  
3825 Dufferin Street, Suite 507  
Downsview, Ontario  
M3K 1Z2, Canada

**SHOPPING CENTRES**

**IN U.S.**

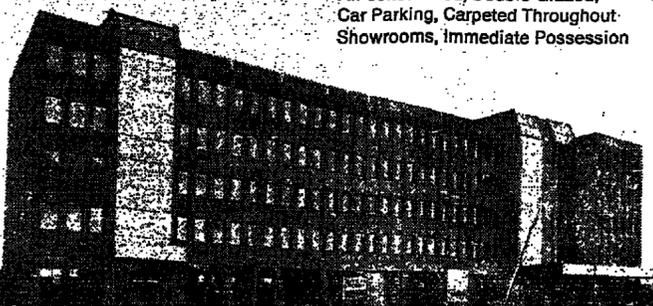
Shopping Centre Owner/Developer has two properties for sale in the U.S. Cash on Cash return at 8%. Please contact for additional details:  
**Mr. Brian Selbo**  
c/o International Income Properties Corporation  
Dallas, Texas, USA  
214/536-2622

**TEXAS RANCH** near Dallas. Low tax area. Lush cattle grade land. Some acreage under cultivation. Oil-producing. 7,100 acres. \$500 per acre. Details: Dr. T. Colman, 1700 Sunset Terrace, Ft. Worth, Texas, 76102.  
**PARIS, TEXAS AREA.** Refurbished office to let. Total area 537 sq. m. on 2.5 acres. Minimum area to be let 250 sq. m. Information: Indiana 766.01.43 (Paris).

**NATIONAL CENTRE HOUSE OFFICES TO LET 84,500 SQ. FT.**

First class location close to Birmingham Airport, National Exhibition Centre.

Birmingham International Station  
Motorways M6, M5 & M1  
Air conditioned, Double Glazed,  
Car Parking, Carpeted Throughout,  
Showrooms, Immediate Possession



**Bernard Thorpe**

The Rotunda, New Street, Birmingham B2 4QG  
Telephone 021-643 0791

**Elliott Jones Martin**

Christchurch House  
30 Waterloo Street  
Birmingham B2 5TJ  
Tel. 021-236 8811

**NICHOLAS LANE, E.C.4**  
(Adjacent King William Street)

**PRESTIGE AIR CONDITIONED OFFICE BUILDING**  
**3420 Sq ft**

**TO LET**  
**IMMEDIATE OCCUPATION**

★ Carpeted throughout ★ Telephones Installed

Apply joint Sole Agents



**PROPERTY ADVERTISING**

Also Appears On



LOMBARD

Mythology of public spending

By PETER RIDDELL

THE OF the most widely... mythologies of public spending...

External and foreign-exchange... account for the restraint on expenditure...

Priorities

These views are certainly... reflected in the public statements of many members of both parties...

Popular conceptions are even more... undermined when the relative priorities of each party are examined...

Influenced

The authors (from the Polytechnic of Central London) show that between 1950 and 1976 Labour governments increased public spending...

Some of these differences can be explained by special influences such as the high level of Korean War spending...

The remarkable similarity of the long-term record of each party is not simply the result of an inexorable growth of expenditure...

Perhaps all this exercise does is to show that outside pressures — both obvious domestic needs as well as sterling and the IMF — give politicians less freedom of manoeuvre...

Fighting against unemployment

By ARTHUR SMITH

NEWS THAT Chrysler UK is to lay-off 1,400 workers towards the end of the month...

hardly have been otherwise than upwards from the low point the city hit in 1975...

Mr. Turnbull is regarded with respect by both executives and trade unions as a professional...

during 1978. Some unofficial industry estimates suggest the deficit could be as high as £26m...

should rise to 2,050 and output from 825 cars a week to 1,000.

The city that became the prosperous symbol of the post-war motor industry...

Chrysler's Coventry operations, until recently, marked one of the bright features of the recovery...

Iran National, which assembles kits supplied from the Stoke engine factory...

Chrysler has eased the impact upon Stoke by suggesting that an additional 300 workers should be transferred to the nearby Ryton plant...

Uncertainty about the car industry in Coventry is not confined to Chrysler...

The high earnings of the militant car workers — once a cause of so much resentment outside the city — are a thing of the past...

News last week that PSA had managed to recruit Mr. George Turnbull, a former British Leyland managing director...

Chrysler management reports that by January 26 it will have an additional one month's supply stockpiled in Coventry...

Stoke also provides engine and transmission components to Chrysler plants at Ryton, Coventry, Linwood, Scotland...

Industrial relations at Jaguar have improved in recent months but there can be no mistaking the suspicion aroused by BL plans to locate a new paint plant at Castle Bromwich...

However, the way could be paved for a return to its former relative prosperity...

Mr. Turnbull will undoubtedly have an important impact upon the city's prospects...

Dramatist can throw light on Cheltenham prospects

WE OUGHT to know a little more about Dramatist's Gold Cup or Arkle Trophy prospects just after 2.45 this afternoon...

Quickening impressively on the run-in from the last in the Walsingham Chase...

Modesty Forbids did well to take advantage of a big weight concession when getting the better of the subsequent King George VI chase winner...

RACING

By DOMINIC WIGAN

Dramatist, who slightly disappointed me when falling by a whisker to take advantage of a 13-lb weight concession...

Although Ben Nevis and Modesty Spy are probably entitled to their formidable weights in the valuable Green Highlander Chase...

There are few better maiden hunters than Richard Head's Blue Braes and I take a chance with this seven-year-old in Div. II of the Silver Dour Novices Hurdle...

TV Radio

Indicates programme in black and white. BBC 1: 12.45 pm News, 1.00 Pebble Mill, 1.45 Trumps...

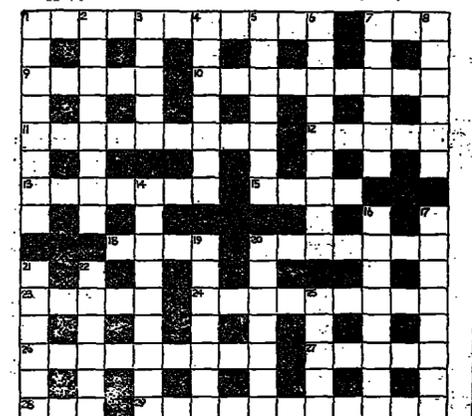
7.55 The Superstars, 8.00 News, 9.25 Running Blind, 10.15 Up, Up and Away...

National News, 5.55-6.20 pm Look East (Norwich), Look North (Leeds, Manchester, Newcastle)...

Leopardi Da Vinci, music by J. S. Bach, All IBA Regions as London except at the following times...

9.30 am Friends of Man, 10.05 Smiley's Saturday Night, 10.30 Engineering, 10.45 Dundermine...

F.T. CROSSWORD PUZZLE No. 3869



ACROSS: 1 Erect door fastening to goal-post (4,7), 2 Inclination to play the violin (3), 3 Overall material is dug up by return (5)...

LONDON

9.30 am London Horses, 9.55 A Big Country, 10.20 Happy Is the Bride, 11.45 Caravan Time...

WESTWARD

19.45 am The Case of the Mucknesses, 19.55 Dyan Thomas-Conversation in the Park, 20.00 Southern News...

YORKSHIRE

9.30 am The Wild, Wild World of Animals, 9.55 Dyan Thomas-Conversation in the Park, 10.30 Yorkshire News...

ENTERTAINMENT GUIDE

OPERA & BALLET

COLESHAM, Credit cards 01-240 8258, 01-236 2184, 01-236 2184, 01-236 2184...

THEATRES

MAY FAIR, 629 3036 (Great Park, Tuba), 515 2211 (The 3rd, 5th, 7th, 9th, 11th, 13th, 15th, 17th, 19th, 21st, 23rd, 25th, 27th, 29th, 31st)...

THEATRES

WESTMINSTER THEATRE, CC 934 0283, 934 0283, 934 0283, 934 0283...

THEATRES

ADPHL THEATRE, 01-636 7611, 01-636 7611, 01-636 7611, 01-636 7611...

THEATRES

ALBERT, 01-636 3478, 01-636 3478, 01-636 3478, 01-636 3478...

CINEMAS

ABC 1 & 2, SHALLOTTENBURG, 01-636 8991, 01-636 8991, 01-636 8991, 01-636 8991...

Radio Wavelengths

1 1625kHz/27m, 2 1070kHz/27m, 3 1070kHz/27m, 4 1070kHz/27m...

BBC Radio

1530 Music, 1.00 The World at One, 1.40 The Archipel, 2.00 News, 2.02 Woman's Hour...

BBC Radio London

6.00 am News, 6.30 am News, 7.00 am News, 7.30 am News...

BBC Radio

1530 Music, 1.00 The World at One, 1.40 The Archipel, 2.00 News, 2.02 Woman's Hour...

BBC Radio

1530 Music, 1.00 The World at One, 1.40 The Archipel, 2.00 News, 2.02 Woman's Hour...

BBC Radio

1530 Music, 1.00 The World at One, 1.40 The Archipel, 2.00 News, 2.02 Woman's Hour...

RADIO 1

1530 Music, 1.00 The World at One, 1.40 The Archipel, 2.00 News, 2.02 Woman's Hour...

RADIO 2

1530 Music, 1.00 The World at One, 1.40 The Archipel, 2.00 News, 2.02 Woman's Hour...

RADIO 4

1530 Music, 1.00 The World at One, 1.40 The Archipel, 2.00 News, 2.02 Woman's Hour...

RADIO 5

1530 Music, 1.00 The World at One, 1.40 The Archipel, 2.00 News, 2.02 Woman's Hour...

RADIO 6

1530 Music, 1.00 The World at One, 1.40 The Archipel, 2.00 News, 2.02 Woman's Hour...

RADIO 7

1530 Music, 1.00 The World at One, 1.40 The Archipel, 2.00 News, 2.02 Woman's Hour...

RADIO 8

1530 Music, 1.00 The World at One, 1.40 The Archipel, 2.00 News, 2.02 Woman's Hour...

RADIO 9

1530 Music, 1.00 The World at One, 1.40 The Archipel, 2.00 News, 2.02 Woman's Hour...

RADIO 10

1530 Music, 1.00 The World at One, 1.40 The Archipel, 2.00 News, 2.02 Woman's Hour...

RADIO 11

1530 Music, 1.00 The World at One, 1.40 The Archipel, 2.00 News, 2.02 Woman's Hour...

RADIO 12

1530 Music, 1.00 The World at One, 1.40 The Archipel, 2.00 News, 2.02 Woman's Hour...

RADIO 13

1530 Music, 1.00 The World at One, 1.40 The Archipel, 2.00 News, 2.02 Woman's Hour...

RADIO 14

1530 Music, 1.00 The World at One, 1.40 The Archipel, 2.00 News, 2.02 Woman's Hour...

RADIO 15

1530 Music, 1.00 The World at One, 1.40 The Archipel, 2.00 News, 2.02 Woman's Hour...

RADIO 16

1530 Music, 1.00 The World at One, 1.40 The Archipel, 2.00 News, 2.02 Woman's Hour...

RADIO 17

1530 Music, 1.00 The World at One, 1.40 The Archipel, 2.00 News, 2.02 Woman's Hour...

RADIO 18

1530 Music, 1.00 The World at One, 1.40 The Archipel, 2.00 News, 2.02 Woman's Hour...

RADIO 19

1530 Music, 1.00 The World at One, 1.40 The Archipel, 2.00 News, 2.02 Woman's Hour...

RADIO 20

1530 Music, 1.00 The World at One, 1.40 The Archipel, 2.00 News, 2.02 Woman's Hour...

RADIO 21

1530 Music, 1.00 The World at One, 1.40 The Archipel, 2.00 News, 2.02 Woman's Hour...

RADIO 22

1530 Music, 1.00 The World at One, 1.40 The Archipel, 2.00 News, 2.02 Woman's Hour...

RADIO 23

1530 Music, 1.00 The World at One, 1.40 The Archipel, 2.00 News, 2.02 Woman's Hour...

RADIO 24

1530 Music, 1.00 The World at One, 1.40 The Archipel, 2.00 News, 2.02 Woman's Hour...

RADIO 25

1530 Music, 1.00 The World at One, 1.40 The Archipel, 2.00 News, 2.02 Woman's Hour...



THE ARTS

Cinema

Passion sealed with murder

by NIGEL ANDREWS

Empire of Passion (X), Camden Plaza. Capricorn One (A), Classics. Haymarket, Oxford Street and Leicester Square. Candido Erotico (X), Moulin 1.

Empire of Passion is a smoking cauldron of Japanese melodrama...

After the aggressive modernism of his last film Empire of the Senses...

The setting is a Japanese peasant village in the last century...

The adulterers lose little time in sealing their passion with murder...

them together in adversity. Oshima huris all the forces of nature and primitive belief at his main characters...

Oshima's film is brilliantly staged and photographed...

This is Oshima's second successive movie 'Hebeated' (like Empire of the Senses it is also based on a true story)...

want to revisit without a sharper change in focus and viewpoint than Oshima provides.

We have met most of the ingredients of Peter Hyam's Capricorn One before...

Enter newspaperman Elliott Gould, who primed with clues from a suspicious employee at Mission Control...

The major mid-point twist in the story is provided when the rocket burns to a crisp on its return journey to Earth...

wood film hurl cliffhangers at one with quite the shameless panache of this one...

The character of the American Vice-President (James Karen) and the hints of Vice-Presidential connivance in the conspiracy...

Candido Erotico is an Italian essay in soft, not to say wilting, porn, relating the adventures of a young man who earns a lucrative living performing in live sex-shows...

Royal Court

Mary Barnes by B. A. YOUNG

Mary Barnes is a real person, and indeed was at Wednesday night's performance...

When she arrives at the community where she is to be treated, Mary seems at first to be a neat, tidy and responsible nurse...

Eddie, the American doctor who has made her his particular responsibility (this is strictly a first-name community)...

solidarity. At one stage, for instance, she demonstrates the night's performance...

Simon Callow gives a radiantly sympathetic performance as Eddie, whose patience is more durable than that of his colleagues...

There is some striking playing in some of the smaller parts, Timothy Spall, for example...

As commonly happens with stage adaptations of books, too much detail is included. The pop musician, the unhappy Laurence, Mary's brother Simon...



Patti Love Leonard Burr

Purcell Room

PLG Young Artists by DOMINIC GILL

The Park Lane Group may have been less adventurous than usual this year in the choice of programmes...

We shall be hearing more of the Zingara Trio of flute, viola and harp...

measure, and who can punch her strings as well as caress them. I made little of her new work, a brief and rather sketchy, piece-meal essay of Judith Weir...

We shall be hearing more of the Zingara Trio of flute, viola and harp...

of Copland's early Vitebsk Trio was another high point of the same evening...

Tuesday's artists were pianist and oboist. Nicholas Walker's programme of piano music did him less than justice...

Andrew Knights made his best impression in Edmund Rubbra's oboe sonata...



Takahiro Tamura in "Empire of Passion"

American Television

Joey and Redhawk by FRANK LIPSUIS

Now that situation comedies have largely replaced cops and robbers as the staple of American evening television...

The lack of sentimentalism of this fare has, not surprisingly, come to the attention of parents and federal regulatory agencies...

their ranks were recently betrayed by the defection of the chairman of a cereal company...

Needless to say, the suggestion fell on deaf ears and parents will do no better attempting to influence such a lucrative segment of the week's television schedule...

Besides doing nothing to satisfy complaints about Saturday morning programming, the show seems almost an incitement to further criticism...

ing support from schools by providing literature and a teaching guide in the hopes that teachers will assign the show as part of homework...

Like a barefoot Freud, Redhawk wanders into their lives to help father and son out of their predicament...

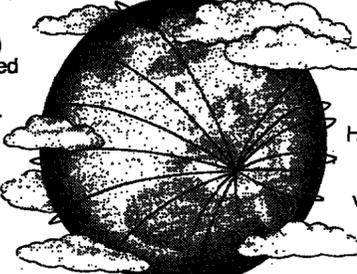
Pro-social value, the network's term for the show's special educational merit, is obvious and in some ways detracts from the entertainment the show does provide...

Redhawk, the show teaches as its pro-social value the same lesson Polonius gave Laertes: "To thine own self be true."

The lesson may be an important one, but it is certainly not a "pro-social value."

And kids may want to discuss the pro-social value of pro-social values. I can hear them saying that for television to acknowledge its role in promoting social values...

FURNIDEC (international fair of furniture-decoration-equipment) is the newest exhibition organized by HELLEXPO (Thessaloniki International Fair)...



interior and exterior use plus the latest in equipment. Come to the world of FURNIDEC. It's a world of art, imagination and productivity...

Visit FURNIDEC... where art meets technology.



FURNIDEC 79 INTERNATIONAL FAIR OF FURNITURE-DECORATION-EQUIPMENT 18-25 FEBRUARY 1979, THESSALONIKI - GREECE

ORGANISER: HELLEXPO (THESSALONIKI INTERNATIONAL FAIR) FOR INFORMATION, Thessaloniki, 154 Egnatia St. Thessaloniki, Greece. Telephone 031-271.823 - 222.377 Telex: 41/2291 FIT GR. Athens, 1, Mitropoleos St. Athens, Greece. Telephone 01-323.8051 Telex: 21-5604 FIT GR. CABLES: FOIRINT Thessaloniki

OSHIMA'S EMPIRE OF PASSION (X) Now Showing CAMDEN PLAZA Camden Town 485 2443

# The big U.S. banks turn to the neglected back yard

BY STEWART FLEMING IN NEW YORK

## The abuse of picketing

THE CONFEDERATION of trade union leadership must realise that abuses of this kind are a growing threat to the freedoms of the trade union movement itself. That is why the leadership has on occasion been involved in clashes with its more militant membership. It knows that the power conferred by trade union organisation and privilege is only tolerable if it is exercised responsibly. Even Mr. Moss Evans, the leader of the TGWU which is causing most trouble, appears to think that picketing can get out of hand.

The natural popular reaction to recent abuses is to demand general sanctions against trade unions in general. Such a blunderbuss response would cause more trouble than it cured. In this country, the law has seldom played a helpful role in relations in the workplace, and bad labour relations will result in bad industrial performance whatever the rules may be. The CBI rightly seeks to minimise the role of the law in these matters.

### Grave nuisance

However, attempts to spread disputes to areas where labour relations are altogether a different question. Here it is the visiting pickets who may damage previously good labour relations, and a law which outlawed this practice would therefore be helpful.

This issue has not been tackled in the past partly because it has only in recent years become a grave nuisance, partly because there may be some difficulty in defining an offence, partly because the one recent attempt to reform and limit the rights of organised labour—the 1971 Industrial Relations Act—chose to concentrate on sympathetic strike action rather than what may be seen simply as an attempt to encourage it.

The objections are not insuperable. A simple act to limit the general right to peaceful picketing conferred by Clause 15 of the Labour government's Trade Union and Labour Relations Act of 1974 might not eliminate disruptive picketing, but would certainly reduce it. We are still a law-abiding people. Such a move from a Labour government, in the long-term interest of the labour movement as a whole, would be especially helpful.

## Last lap for Tokyo Round

THE TOKYO ROUND of international trade negotiations, which resumed in Geneva this week, appears to be keeping up the momentum gained at the end of last year. Steady progress is being made in the key agricultural sector of the talks—particularly in the separate areas of beef, dairy products and cereals—on which agreement is essential if major participants like the U.S. and Australia are to accept the Round's outcome. The world's three most important trading blocs, the EEC, the U.S. and Japan, are near an agreement on almost every issue that has been raised since the talks were formally opened in Tokyo more than five years ago, and a series of draft codes of conduct aimed at modernising and liberalising the rules of world trade are near completion.

### Ratification

The pre-Christmas burst of activity in Geneva brought enough progress to enable President Carter to notify Congress this week of his intention to enter into new international trade agreements. Draft texts outlining the likely final shape of the Tokyo Round package have now been published in Washington presenting the outcome in the best possible light from the American point of view. That does not mean that everything has been completely tied up in Geneva. It does mean that the Administration has been able to start the lengthy, and doubtless difficult, process of Congressional ratification more or less on time. Under the 1974 Trade Act authorising the Administration to negotiate, the President must give 90 calendar days' notice before signing the final agreement, to be followed by a further 90 days of Congressional time for ratification.

The timing of the President's presentation of the outline package to Congress is particularly important. In the first place, with the Trade Act due to expire in 12 months' time, the coming year will provide the last opportunity for American endorsement of the Tokyo Round's conclusions. Should this not be forthcoming, half a decade of international negotiations will have been wasted and the threat of a new surge of world-wide protectionism will become only too real. Secondly, the Administration needs to be able to show convincing proof

OVER THE past decade, while the largest international U.S. banks have been conquering new markets around the world, competitors have been gathering at home and threatening to seize some of the more lucrative segments of their domestic empire.

The challenge is coming partly from old rivals such as the more aggressive of the 14,000 regional banks which have been growing rapidly, and the savings and loan associations whose business is booming because of the inflationary housing bubble. Many of these thrift institutions offer their customers bank-like services such as checking accounts, often using electronic funds transfer technology.

Newer competitors are also gaining ground. Foreign banks have been making dramatic inroads into the U.S. over the past five years. The commercial paper market in which big companies make loans and borrow from each other instead of from banks has undergone an unprecedented expansion. Although still quite small, credit unions, which are mutual savings groups often comprising employees of one company, are gaining in popularity. The share of the consumer credit market and credit card business by-passing the banks is growing. Citicorp estimates that of the 600m credit cards in use in the U.S., only 15 per cent are issued by banks.

Aware of the growing pressures on their U.S. business and conscious of the threat to their domestic profitability, many of the giants of U.S. commercial banking (especially in New York and Chicago) are moving on to the offensive.

### Seeking new opportunities

On the one hand, they are actively seeking new opportunities at home (as well as abroad) and rekindling the entrepreneurial spirit which was a major factor in the economic boom of 1973. This search includes exploiting loopholes in the banking laws. But they are prepared to press for change, should their revived dynamism bring them into conflict with what they see as outdated bank regulations. There are signs that some bankers feel that the time is ripe to climb on the de-regulation bandwagon which is sweeping through Washington, and which has already carried an initially reluctant airline industry to undreamt-of profitability in the past two years.

Mr. Walter Wriston, chairman of Citibank, has been making the pace. "The biggest problem facing commercial banks," he remarked recently, "is not the new competition, but the old regulations." In Washington, it seems, is at

	1976	1977	1978
Savings and loan associations	70.2	242.0	459.2
Life insurance	47.5	232.4	337.6
Private pension funds	3.6	156.7	189.4
Finance companies	4.9	79.1	124.8
Credit unions	0.4	24.6	51.5
Foreign banks in U.S.*	n.a.	24.3	65.2
Commercial paper†	n.a.	34.7	75.0
Commercial banks	134.2	457.9	1,068.2

\* End-November. † Includes non-financial paper most directly competitive with bank loans of \$4.7bn in 1972 and \$15.8bn in 1977.

least not discouraging that mood. Indeed, partly because of a clause in the International Bank Act of 1978, the Administration is looking at the same issues.

Mr. Orrin Kramer, Associate Director of Domestic Policy in the White House and its leading official for banking policy, says that "major structural issues are under active review."

An inter-departmental government committee is well advanced in the preparation of a study of regulation Q, which establishes interest rate ceilings for savings institutions and commercial bank deposits, and which therefore balances competition between the two groups.

In the past few months this balance has been disturbed, first by a decision in June to allow the sale of savings certificates maturing in six months and carrying high rates of interest tied to six-month Treasury Bill rates. Then, in November, a decision was made in practice to allow commercial banks across the country for the first time to pay interest on demand deposits.

The White House is assembling another interdepartmental team to study the geographic restrictions on commercial banks. These are primarily laid down in the 1927 McFadden Act and the Douglas Amendment to the Bank Holding Companies Act of 1956. Under these laws, commercial banks may not generally operate deposit taking branches or subsidiaries outside their own home state. In some states (Illinois, for example) banks are only allowed to have a single branch, and there have been legal battles to establish whether a computer-based machine without a bank teller is a branch or not.

While small regional banks which have been protected by these restrictions will not approve, it seems likely that an assault on these laws is being prepared. They make it hard (but not impossible) say, for New York banks to build up business in the rapidly growing Sun Belt states, such as California.

Paradoxically the big banks' concern about their domestic profitability coincides with the most profitable year in over a

decade for the industry in general, with gains of 20-30 per cent commonplace in the past two years.

Some of the international banks, especially those in New York, have not been sharing as fully in these gains as they might hope. Between 1972 and 1977 these banks depended heavily on foreign earnings for increasing profits. Salomon Brothers, the investment bankers, estimate that for the top 10 international banks in these years foreign earnings grew annually by 23 per cent compounded. Since 1975 the growth of foreign earnings has been slowing down as lending margins have narrowed.

### Stagnating earnings

By contrast—partly, it is true, because of U.S. loan losses—domestic earnings of the six big New York banks in this group have been stagnating. Not one recorded earnings growth of more than 5 per cent compounded in each of these years, and Citicorp, Chase Manhattan, and Bankers Trust, all registered significant declines of domestic earnings, Salomon Brothers say.

There are several explanations. Unlike their Californian rivals, the New York banks have not had a buoyant local economy or a booming housing market to earn profits in. They have been burdened by only marginally profitable retail branch networks. Bankers Trust in November gave up the struggle to turn its New York City branch system into a strong profit centre and announced the sale of 89 branches and \$1bn of assets to Bank of Montreal. The sale saves it the capital it would have had to invest in retail banking to compete with savings institutions and with Citicorp which has spent \$150m automating and improving its New York branches. The savings and the cash from the sale will reinforce Bankers Trust's capital base.

Not only consumer banking in New York has been a tough market—so too, has corporate banking. Mr. George Salem, an analyst with Bache, the stockbrokers, in a recent report

focused attention on the competition from the commercial paper market. It has grown rapidly to its current \$75bn size and, Mr. Salem argues, is one reason why commercial and industrial loan volume at the New York banks has not yet recovered to its December 1974 peak of \$41bn. He sees a long term trend towards the use of commercial paper instead of bank loans, which cost more.

As the paper market has grown, so have foreign banks which now hold around a third of the New York commercial and industrial loan business. Some bankers, Mr. Lewis Preston, President of J. P. Morgan for example, argue that cyclical trends are exaggerating the competitive threat from commercial paper and cite off-setting factors. But he concedes that this competition has put pressure on banks to trim their lending charges. It has also led the banks to search more aggressively for new specialist services to offer their customers, things the commercial paper market does not provide for example.

The banks really are looking for new lines of business to develop. Many are now trading and underwriting bond issues in Europe, while at home they are seeking to be allowed to underwrite municipal revenue bonds. The Glass-Steagall Act at present forbids them from doing that, and also prevents their dealing in or underwriting other bond issues.

This Act attempts to draw a line between the business that investment banks may engage in and what commercial banks may do. Throughout the 1970s there has been blurring of this line on both sides, with commercial banks in recent years breaking into the private placement of loans, for example. Bankers Trust this year became the first commercial bank to deal in the commercial paper market for clients. Neither side is happy with the present situation, and Glass-Steagall could come up for review.

It is not just on the fringes of investment banking that commercial banks have been finding new ways around old laws. Many of the major banks have loan production offices in major cities around the country which do not directly take deposits and are therefore quite legal. Bank America for example has 1,000 employees in New York. In recent years several banks have tried to use these offices to break into local markets, lending to medium sized companies which do not yet have access to the commercial paper market. These efforts have not been too successful.

Consumer banking appears to be a much more fruitful line towards nationwide expansion. Partly through acquisitions made several years ago, a number of banks are expanding vigorously in this market to meet the challenge of retail



"The biggest problem facing commercial banks is not the new competition but the old regulations" Walter Wriston, Citibank chairman

stores, credit cards, and finance companies which are not subject to geographic restrictions.

Citicorp disclosed recently that in the past 12 months its consumer lending volume (substantially in the U.S.) had increased from 10 per cent to 17 per cent of its loan portfolio or from \$5.4bn to \$8.6bn. Earlier this year it mailed 8m credit card applications to people in 35 states. Like BankAmerica and Manufacturers Hanover, Citicorp has a large consumer finance business with 170 offices in 24 states.

### Amex bid for McGraw-Hill

Meanwhile American Express this week launched a \$830m cash takeover bid for publishers McGraw-Hill. Not least among Amex's reasons for looking to diversification is the intensive competitive pressure it is itself encountering from the big banks.

Barclays Bank of Britain has become the first foreign bank to set off down the path to national consumer finance with its planned acquisition of American Credit Corporation for \$191m.

These initiatives taken by the big banks are already changing the face of U.S. banking, and together with developments in electronic funds transfer and computer-based systems promise to overtake some of the banking laws. Mr. Morris Schapiro of M. A. Schapiro and Co argues that in practice nation-

wide banking is already here for big banks. Thus it would be a mistake to suggest that they are in imminent danger of losing badly to their competitors.

The banks themselves rightly see their international presence as a source of strength. It brings in new business and reinforces their domestic operations when dealing with U.S. multinational companies or when they need funds from outside the U.S. But many feel a more aggressive approach to their U.S. domestic business to be vital, not only to meet competition, but also to rebuild their profits and help expand their capital base to cope with inflation and to facilitate growth.

But as the entrepreneurial spirit rises, some observers express concern about the danger of a simplistic transfer of the rhetoric of deregulation to the banking industry. Dr. Henry Kaufman, a partner in Salomon Brothers, concedes that there is a mood favouring de-regulation, but emphasises the crucial role of banks in the financial system with their large liabilities in relation to capital and the vital role confidence plays in their business. Others point to the economic impact of regulatory changes which can affect the balance of resources between, say, housing and capital investment. Dr. Kaufman concludes that most probably moves towards de-regulation will make the job of the regulators—the Federal Reserve and the Comptroller of the Currency, for example—a lot more difficult.

## MEN AND MATTERS

### Shah chez soi—everywhere

When the Shah takes his holiday abroad, he will have no problem about finding a roof over his head. In the past 20 years the Pahlavi dynasty has collected a string of mansions and luxury villas throughout the world.

Until 1977 his principal overseas home was the 28-bedroom Villa Suvretta in St. Moritz. The villa, built in the late 1960s at a reputed cost of £2m, had its own atomic bomb shelter and accommodation for the Shah's personal 18-man body guard.

But in 1977 the Shah's win sister, Princess Ashraf Pahlavi narrowly escaped a terrorist ambush when travelling from her villa at Juan Les Pins on the French Riviera. Shortly after that attack, the Shah failed to set assurances from the Swiss Government about his own security, so Switzerland was abandoned in favour of the U.S.

As a direct replacement for the St. Moritz home, the Shah bought a 200 acre tract of land near the U.S. ski resort of Aspen, Colorado, within easy helicopter commuting distance from a rash of Pahlavi family homes on the Californian coast.

The Shah's 92-year-old mother, Tadj el-Molouh, and his sister, Princess Shamas, attracted publicity and student demonstrations when they were staying at their 158 acre estate close to Beverly Hills, California. The estate was bought for £1m in 1977 in the name of the family's photographer. The Shah is also believed to own a 20-acre site in Bel Air, in the foothills of Los Angeles, where a part-moated palace is under construction.



"The natives are getting restless"

Shah could also try the comforts of his property in Surrey. This one known acquisition in Britain by the Pahlavi family is the 166-acre "Stilemans Studd," a few miles from Godalming. The estate, bought for £500,000 in 1976 by the Swiss-registered "Imperial House Institute of Iran" is next door to the home of Farviz Khensary, Iranian ambassador to Switzerland.

### Nordic grouse

Scandinavians pride themselves on their progressive treatment of criminals, but Norwegians are wondering if it has not all gone too far. The case causing the doubts has occurred in a small northern town, and concerns a youth who four years ago was jailed for shooting one man dead and wounding four others.

Last summer, the prisoner was allowed home to 20 grouse shooting, but the local citizens were somewhat alarmed when they saw he was using the same gun with which he had done so much harm in 1974. The police

were not at fault; the man was no longer in an ordinary jail, but a psychiatric hospital. The grouse shoot was therapy.

More recently, he came home again and was arrested for being drunk and disorderly. The psychiatrist now reluctantly says the therapy programme will be revised.

### Collecting stamps

While British house prices continue their ascent into the world of telephone numbers, the Government—despite ritual wringing of hands—has at least £80m-worth of reason for satisfaction. A little-noticed type of fiscal drag operates in the property market: this is the stamp duty on house conveyances worth over £10,000. It is on a sliding scale of up to £450 on £20,000 transaction, and 2 per cent on anything over that.

"Stamp duty" says the Building Societies Association, "was never intended to catch this number of people." So far the BSA is the only organisation which says anything aggressive against the tax—and does so about this time every year.

The stamp duty harvest will no doubt be even better this time around than the £30m of the last financial year: that was in turn £20m more than the year before, and £35m more than 1974-75, when the threshold was raised to £15,000. That figure has by now become a laughable price for a house, certainly in the south-east.

If the returns from stamp duty do not yet add up to enough for a motorway, or to foot the losses on British Steel, the explanation may be that unfortunate moving house carry out a certain juggling of figures. The increased tax for houses over £30,000 means, for instance, that the buyer pays 2 per cent on the whole price, not just the excess. It is not unknown for people to sell houses for £15,000 complete with stair-carpet, also priced at £15,000. "Nothing illegal about

selling expensive carpets," one lawyer tells me defensively.

So we have drifted into a situation where everyone pays a tax for moving house. Till now, Conservative politicians have kept silent about this "tax by the back door," and will perhaps remain so if the election goes their way. What government has ever complained about a little extra revenue?

### Fizzy prices

The spirit of free enterprise is, I am told, alive and well and living at the Congress of EEC Socialist Parties in Brussels. The organisers are happily charging everyone 60p for a glass of beer, roughly double the cafe price.

### Stunning idea

While a reader was browsing around in a Brighton antique shop he noticed two exotic-looking items displayed under the sign "Witch Doctor's Mask and Club" and asked the proprietor about them. "I know how the mask was used," he said, "but what did a witch doctor do with a club?" "My dear sir," came the reply, "it was a local anaesthetic."

### Freeze tease

My recent anecdote about the mercenary nature of juvenile snow clearers in Britain has been capped by a reader's experience in the United States. She offered three boys \$4 for clearing snow from a driveway. Later one of them came back and said they would prefer to take a dollar less, because they could not divide four by three.

Perhaps they should have invested in a pocket calculator.

Observer

## Come to Corby where the growing's good.

If you're looking for a place to re-locate or expand your business, the New Town of Corby has got so much going for you.

Corby is situated in between the motorway junction of the M1 and M6 to the west and the A1 to the east, allowing access to London and Birmingham. The East Coast ports can be reached by major roads. What's more, Corby is young enough to be vigorous and exciting—with modern factories ready for you to occupy at highly competitive rents. (Our "design and build" service will help you plan your own specification.) But Corby is mature enough, too, to offer well-established housing, schools, shops, public services, leisure activities. And skilled and unskilled labour is readily available.

Many companies have already put down roots in Corby—with success. Why not join them? Our experienced help and advice is at your service.



For a fully detailed brochure on Corby, contact K.R.C. Jenkin, B.A., F.R.I.C.S., Chief Estates Officer, Corby Development Corporation, 9 Queen's Square, Corby, Northants NN17 1PA. Telephone (053 66) 3536.

# Counting the hidden costs of peace

WEST GERMANY'S first steel strike in half a century ended yesterday when the last of the 200,000-odd strikers in the Rhine-Ruhr region, Bremen and Osnabrück, reported for the early shift. The country has breathed a visible sigh of relief, and has begun to count the costs of the six-and-a-half weeks' old strike.

Few doubt that these will prove heavier where they are least easy to measure. The West German social contract, for so long taken for granted both by Germans themselves and by the rest of the world, has suffered a further heavy blow at the end of several years during which the old rules have come under increasing strain.

In the case of the steel strike, the social contract machinery worked to the extent that the two sides eventually reached agreement on their own, without interference from Bonn.

## Good fortune

Yet it was a close thing. Had Chancellor Helmut Schmidt not had the good fortune to be in the Caribbean, he might have found the pressure to step in irresistible. And that would not only have been politically risky for Herr Schmidt, had he been unsuccessful it would also have done grave damage to the doctrine that in the free market society which West Germany wants to remain, the government should never interfere in industrial relations. It was a measure of the present mood of concern, and the widespread feeling that the machinery of consensus is breaking down after three decades of smooth running, that so many people were ready to urge the Chancellor to set this doctrine aside.

As it is, the measurable costs of the dispute have been heavy enough. Adding together the DM 120m which IG-Metall, the

steelworkers' union, admits to paying out in benefits, the direct losses to production, the additional costs to the steel employers' wage bills and the claims of laid-off non-union workers on public funds, the total is unlikely to be much below DM 1bn. It could well be more.

In broader terms, the dispute may make it prudent for the federal government and other forecasters whose growth projections for 1979 have been centred around the 4 per cent mark to adopt a more cautious view. Last year, the long engineering industry dispute in the south-west, coupled with weather conditions that, though bad, were less hard than 1978's have been so far, stunted first-quarter performance. The Economics Ministry's official annual projections, due later this month, will be closely watched for the experts' judgments.

Had the stoppage gone on any longer, the consequences would have been far more serious. It had been clear since last summer that a steel dispute was on the cards, and with the wisdom of hindsight it now seems probable that much of the upturn in the industry's sales in the last quarter of 1978 was related to the building up of stocks by merchants and steel users alike.

Such precautions proved necessary, but only barely adequate. The motor industry, the suppliers of which were singled out for strike action by IG-Metall, had warned that short-time working might have to be introduced in some plants from next Monday. It still seems possible that a few steel customers will suffer temporary shortages, since building back up to full production and resuming normal deliveries may take some companies as long as a fortnight.

Yet the steelworkers' acceptance of the compromise deal reached in the small hours of

last Sunday came just in time to prevent what could have run to hundreds of thousands of lay-offs—most of them of fellow-members of IG-Metall in other industries.

It may not be clear for a long time how much damage the German steel companies' market positions have suffered from the stoppage, or how far their costly investments in modern plant can still help them hold their own against state-subsidised European competitors, should things not pick up in 1979 for steel. Customers using relatively standard products seem in some cases to have stepped up purchases of imported steels via merchants and stockholders. But many of the products most affected by the strike and lockout were special alloy sheets and castings tailored to the needs of individual motor manufacturers, and hence impossible to replace from outside West Germany in the short term.

The steel companies have naturally been worried that some major customers, let down by their regular suppliers, might indeed have signed longer-term contracts with foreign producers. If any of them have done, they are not saying so out loud. One of the few big customers to comment at length, Herr Toni Schmejcker, the Volkswagen chairman, has given the impression that his company did not even shop around. He said in a magazine interview that for the motor manufacturers to have undertaken a massive switch of purchases away from the German steel industry could only have led to a further shrinkage in jobs, which in turn would have reduced the

numbers of potential VW customers.

A less ingenious, but perhaps more convincing, reason for solidarity on the part of the major steel using industries has been the acknowledged fact that they were fighting for German employers as a whole in resisting the heart of the IG-Metall claim—the much-trumpeted "first step" towards a general 35-hour working week. Had the union won this principle unequivocally, it would have sought similar terms for its members in the engineering industry (employed in many

cases by the same corporate groups which dominate the steel sector). Engineering, where regional bargaining is already getting under way, often serves as the yardstick for the rest of industry.

The best that can be said for the eventual compromise settlement is that it has allowed each side to claim it won. The employers can point to a clause in the new contract which states unambiguously that the standard week remains 40 hours. Employers in other sectors can take comfort from the fact that the steel solution is carefully tailored to the industry's particular needs and working habits. The union, on the other hand, has won enough extra days' holiday and free shifts to be able to claim that in statistical terms at least, the working week for steelmen will henceforth be "40 minus X".

The IG-Metall President, Herr Eugen Loderer, has also hailed as a triumph for long-term union policy the standard six days' annual holiday which, under the phased terms of the settlement, will apply to all in the steel industry no later

than 1982. Yet this point offered by the employers on the eve of the strike, was at first rejected by Herr Kurt Herb, regional IG-Metall boss for the Ruhr and effectively the strike's leader. He also turned down other concessions which later found their place in the final package, when these were first suggested by the mediator, Herr Friedhelm Farthmann, Labour Minister in the North Rhine-Westphalia State Government.

Not without reason, IG-Metall found itself accused not only of inflexibility (as did the employers) but of unpredictability and vacillation. More than once, Herr Herb apparently gave the employers and the mediator to believe he had accepted compromise proposals, only to come back demanding more. Herr Loderer and his fellow-members of the national executive in Frankfurt seem to have been embarrassed by these tactics, yet powerless to steer events. All this has given the impression that Herr Loderer is no longer master in his own house, while Herr Herb, plainly anxious to make his mark in the union hierarchy, had to face angry demonstrators calling for him to make way for Herr Franz Steinkuehler, his canny counterpart in Stuttgart.

## Vital point

Most of the German Press, and a good many independent commentators, have put the blame squarely on IG-Metall both for choosing to fight in a crisis-weakened industry, and for picking as its ground the economically questionable principle of the 35-hour working week. Even now, however, much of this criticism seems to miss a vital political point: the union policy was put by its members in a position where it had little room for manoeuvre. Forced by last year's union

delegate conference, against their own better judgment, to take up the 35-hour week as an objective, Herr Loderer and his colleagues may have hoped that its supporters would perhaps hang themselves if they were given enough rope. The reverse has been the case. The 35-hour week, in the face of the disapproval on economic grounds of all shades of political opinion, has turned out to be a popular rallying cry on the shop floor. For steelmen, its appeal was less that it would help the unemployed than that it might stop the seemingly unending erosion of the industry's present labour force. Between 1975 and 1983, this contradiction is expected to have reached a total of nearly 45,000 jobs.

Ballooning of the IG-Metall membership (about three-quarters of the labour force in the affected regions) can have given the union leaders little cause for comfort, whatever their publicly-declared satisfaction at the settlement. Although the union rules required only 35 per cent of the total membership to approve the deal for it to become effective, it secured nearly twice as many votes—49.5 per cent of those eligible. Yet the number voting against was 40.9 per cent of the membership.

There could be few clearer illustrations of how precariously the IG-Metall leaders have had to balance themselves during the past six weeks. It is little wonder that the chairman of one well-known special steels company should have exploded just before Christmas that "we don't know who the hell we should really be talking to."

Perhaps most alarmed West Germany was about the steel dispute was this very sense that it had somehow got out of control. Under the old ground rules, three weeks of strike, retaliatory lock-out, harsh words in public and accommodations at top level in private would have brought a solution



Changing shifts yesterday at the Mannesmann plant at Duisburg, following the steelworkers' return to work.

by December 17—the date when Herr Farthmann first produced a compromise not very different from the final one. In the event, a solution took nearly twice as long to find.

What has changed? Was it merely a matter of poor strategy by Herr Loderer, compounded by clumsy tactics by Herr Herb? Were the employers' leaders (as IG-Metall has grumbled) themselves inexperienced? Or should both sides be allowed to put the blame on the small though vocal group of hotheads who openly declared themselves in favour of an "annihilation strike" to the bitter end?

## Strong feelings

Perhaps the truth lies partly in each of these explanations. What is less readily accepted in West Germany is the notion, so familiar in Britain, France or Italy, that the feelings people express through industrial disputes can be so strong as to sweep away the most carefully-constructed framework of rational debate. The steel strike has, if nothing else, demonstrated that German workers feel as trapped, frustrated and angry in the face of unemployment, mechanisation and job shrinkage as

their counterparts in other countries. The politicians, for their part, at least seem to think of new approaches. Yet the precedents are not all unhelpful. The last major legislative change to industrial relations, the 1976 Mitbestimmung (worker participation) Act, is still before the constitutional court in Karlsruhe. Yet the steel strike has knocked away a major pillar of the employers' objections to the Act. They have claimed it would make management unable to take the kind of decisions needed in a long and complex dispute of the kind that has just ended because of the voice given to the unions in the supervisory boards of companies.

No-one seems to be expecting that at the next supervisory board meeting of Mannesmann the deputy chairman, who happens to be Herr Loderer, will move to rap the knuckles of Herr Franz Josef Weisweiler, the executive director, who is also chairman of the Steel Employers' Federation. The paradox of Herr Loderer's dual function has not, however, been lost on his union members. Many of those who voted "no" this week—and perhaps the IG-Metall boss himself—must have been wondering which hat he has really been wearing these past six weeks.

## Letters to the Editor

### Strikes and the Law

From Sir Leonard Neal  
Sir—Your leading article (Strikes and the Law, January 9) makes a convincing case for anyone concerned with order and discipline and one is tempted to believe that the problems of the newspaper industry have had such an enervating effect as to persuade you that the difficulties of union power are, indeed, insoluble.

Since the problems are relatively easy to describe, the solutions, equally, should not be excessively difficult to pursue, over time. But the next government must not be deterred by any exaggeration of the administrative difficulties. For example, taxing short term social security benefits may merely be a matter of deducting tax at the standard rate when benefits are claimed, leaving the recipient the responsibility of making his case with the tax inspector at a later stage. At this point the tax inspector needs only to consider whether the tax refund is due according to any new criteria that Parliament may decide. There may of course be other formulae for achieving Mrs Thatcher's aim, which you regard as "sensible in principle."

The catalogue of problems is probably unique to our own country, over the last 20 years. It is not possible to give encouragement to the strikers and the militant that the solutions are bound to be difficult, but they cannot be impossible—if we are to survive. We have asked striking patients for the strikers' "Magnificent Mentality" about the picket line, fostered the view that the right to strike is superior to all other rights, including the rights of those who want to work and indeed, to live (if they depend on life-support systems in strike-affected hospitals). We have erected a body of law that gives extra-legal privileges to the union and penalties for the employer; laws that try to make employment dependent on possession of a union card and render the employer helpless vis a vis the workman or the shiftless. We give tax rebates to strikers at a speed that is not available to the unemployed; we impose obligations upon employers to observe general patterns of behaviour to keep negotiated agreements, but we require no similar obligation of trade unions to maintain their own contracts. It is possible, incidentally, that this last condition is the most vital since our voluntary system of collective bargaining was built on the principle that "we need no law since, as men of honour, we will keep our agreements." Today, the employer can do no other than keep his agreements but the breaking of those same agreements by trade unionists is dismissed by one leader as "a technicality" or, in the words of another, "it is not my job to police my members' behaviour."

The tragedy in this dire situation is that the militants do not really reflect the basic attitudes of the British workforce. That workforce remains at heart moderate and not revolutionary, a fact that is testified to by Department of Employment statistics and by the modest support given to extremist parties at general elections. Thus, what is tragic has been the passage of time, as well as the actions of trade union leaders and politicians, to give effect to the view that militancy produces results while restraint doesn't.

The road back will include many of the issues that Mrs Thatcher has had the courage to

identify and many other issues that it will acknowledge and measure that make us all, more responsible and accountable for our actions.

(Sir) Leonard Neal, Flat 68, Millbank Court, 24, John Islip Street, SW1.

### Tax on benefits to strikers

From Mr. J. English  
Sir—In your leading article (Strikes and the Law, January 9) you observe that the taxation of social security benefits to strikers "is unlikely to be enacted" because "it appears to be near-impossible administratively under the present PAYE system."

The Government has found little difficulty in attacking "the Lump" in the building industry by simply saying that non-registered subcontractors have 33 per cent tax deducted from their gross, and must themselves claim relevant allowances later. Why should not strikers similarly suffer basic rate initially, and have to go to the trouble of subsequently claiming allowances? As nine out of ten of them would not trouble about short-term claims, the administrative burden on the revenue would not be all that great.

In any event, we shall probably eventually move to a "one week at a time" basis for PAYE, instead of the "annual cumulative" (which we can effectively already do by using the "week 1" basis). If it is the system which inhibits the taxation of social security benefits, then what should be done is to rewire the system—not just weakly to throw-up our hands in horror and say "but we are at the mercy of the system."

It requires only one fairly simple clause (and maybe one schedule) in a Finance Bill, Jeffrey English, Willis Torsons English and Co., Sun Alliance House, Dean Park Crescent, Bournemouth, Dorset.

### Coal miners' claims

From the Leader Greater London Council  
Sir—In November last I drew readers' attention to the discrepancy between increases in coal miners' pay and static productivity in the mining industry.

I am moved to write again since I have just that the unions have submitted a 40 per cent wage claim and secondly that figures published indicate that real output per man is the same now as in 1980!

If we as a nation are going to provide 1979 pay and conditions, we have a right to expect 1979 productivity. Given our long-term reliance on coal large-scale investment is probably essential but, as with all investments, there should be a return. Until there is a prospect of obtaining that return it is hard to see why we should pay the miners more at all, except as a conscious act of social policy, let alone 40 per cent: when is the stand going to be made? Horace Cutler, Coyntry Hall, SE1.

### High Street price war

From Mr. J. Harris  
Sir—Thank you for the comprehensive piece "End to High Street price war in sight" (by David Churchill, January 6) on the crucial retail competition.

For many years we have observed that shoppers found decentralisation and inflation to be lousy substitutes for retail price maintenance. They yearned for stability, and—with the exception mainly of Asda—they were presented with yet more hysterical forthrightly fluctuations from every major retail organisation. This was all "BC" (before checkout): after checkout we believe that most shoppers thought, from the way in which checkout was communicated, still featuring selected price cuts, that Tesco had simply gone a long way further (i.e. deeper) on those selected cuts, rather than that they were on a far wider range than previously, and frozen for a much longer period than the traditional fortnight. In the period "AD" (after discount '78), housewives began to realise that prices were being held for a longer period. Their confusion and consternation decreased a little.

As for the fact that other multiples do not seem greatly to have suffered from inflation, this is as much as anything else, due to a clearly discernible trend to concentrate shopping in one shop, as infrequently as possible, buying as much as possible on each trip. The larger outlets of multiple chains lend themselves to this desire better than smaller independent shops whether voluntarily affiliated in small groups or not, or in one of the 200-odd Co-operative Society groups.

Harris International Marketing, 84, Grosvenor Street, W1.

### Money for theatres

From the Honorary Secretary, The Theatres Trust  
Sir—The "Theatres seek £25,000" headline (January 3) gives the impression that the Theatres Trust would be satisfied with a token payment of £25,000. This is by no means the case, although such a sum would enable the Trust to employ professional staff, one of whose primary aims would be to raise further sums of money to assist in the maintenance of our theatres throughout the country.

While we are not seeking enormous sums of money from the Government, it is essential, if the Trust is to fulfil the functions conferred on it by Parliament, that it has a fund with sufficient resources to enable it to provide some support to local groups to reopen theatres, or to the owners of existing theatres in maintaining them.

The trustees have deliberately not put a figure on this sum, but it would be misleading to suggest that all we are seeking is the figure you have quoted. Vincent Burke, 10, St. Martin's Court, St. Martin's Lane, WC2.

### Rate of return

From Mr. H. Sparks  
Sir—Mr. Nottage's quotations (January 10) from the Treasury evidence about funding are a trifle selective, because it is only the preceding paragraph (16) which makes the point that the principal difference between Pay Go and funding is the timing of the emergence of the cost. Mr. Nottage may view this with equanimity since he is now drawing on funds previously built up and at the same

time will be saving on his share of the current £1bn but those of us who are younger can hardly be enthusiastic about the idea of depending solely on the good will of future generations, if other alternatives are practical.

A second source of difference between the two systems arises if the real rate of return on investment falls below the real rate of growth of salaries and pensions, as it has over the last 15 years. So it is pertinent to point out that this is the result of policies of both Parties, from persistent high deficit financing to attempts to hold down the rate of dividend growth. In this respect, the following figures are instructive, as is the change in emphasis in the 1978 Dividends Act and the attention which trades unions trustees are now giving to the impact of such restrictions on pension expectations.

Earnings and Dividend Growth, Rates of UK Companies, 1967-1977

	1967/77	1972/77
Historic Profits	15%	22%
"Hybrid" Profits	12%	14%
Earnings per share	14%	18%
Dividends per share	8%	12%
Retail Price Index	11%	16%

H. H. Sparks, Oak Hall, Bartholomew Street, Hythe, Kent.

### Dismissal claims

From the Director of Information, Department of Employment  
Sir—In his article entitled "How the entrepreneur is hamstrung by Government" (December 29) David Cooksey states, "Unfair dismissal claims are positively encouraged by civil servants at the Department of Employment."

This is incorrect. Our staff are instructed to give members of the public factual information in reply to their queries on possible unfair dismissal claims in exactly the same way as they are expected to help members of the public on any other matter covered by the Department of Employment. They are also instructed that in answering queries they must not give advice which could be construed as either encouraging or discouraging enquirers from making an application to an industrial tribunal.

It is the duty of the Department of Employment to make available to employers and employees alike, through its local offices, information and leaflets on current legislation. R. J. Seaman, 8 St. James's Square, SW1.

### Fuel oil prices

From Mr. J. Ilett  
Sir—The announced increase in crude oil prices by the Organisation of Petroleum Exporting countries during 1979 will provide justification for refiners to advance their prices for refinery products.

Terminal prices for heavy fuel oils bear no real relationship to net delivered prices. Typically there is a rebate of 33 1/2 per cent, in very round figures from 7.5p to 5p per litre. Because the gross price is one which has been justified, and accepted by Government through its Price Commission, rebate can be withdrawn without notice and obviously will be as the market accepts higher prices.

Industrial users must be cost conscious but they are in general sensible to the need to pay viable prices. Budgetary planning considers this factor as

well as the likely effects of inflation and supply shortages. Unrealistic discounts create forecasting uncertainties if changes in supply/demand ratios are calculated to be used as an opportunity to withdraw discounts and hence increase prices substantially. Suppliers have no such intentions, unrealistic discounts are unnecessary.

For this reason I hope that changes in net oil prices during 1979 will be in terms of altered rebates only and that gross prices will be left unchanged. D. Ilett, TPT Ltd, Romiley, Stockport, Cheshire.

### Beneficiaries or victims?

From Mr. T. Simms  
Sir—You report (January 9) Mr. Moss Evans as declaring that "the 35-hour week was the solution to the problem of automation, which had increased in the 1970s, particularly in the motor industry, making workers its victims rather than beneficiaries."

Does he not realise—and if he doesn't, do the members of his union not realise—that they are as much "beneficiaries" as "victims" of automation as direct purchasers and users of their own products. In addition, and more importantly, they benefit indirectly via their purchases of other goods and services (including those provided by the Government) the effective prices of which are influenced by the prices of their own products and the contribution (or subtraction) these make to (or from) the whole nation's economy and trade balance?

If Mr. Evans or his colleagues are in any doubt about this, an estimate of the cost of producing a motor car without the automation he apparently deprecates, but at today's wage rates, should convince him. Terry Simms, 11, Winter Court, Sandy Lane, Bradford, West Yorkshire.

### An image of Britain

From Mr. R. Farias  
Sir—I read with interest Philip Bassett's article (December 27) on the strike-prone image of Britain. As a foreigner living in the UK for the last 18 months I believe there is only one reason for that image and that is the Press.

Having lived in other countries, I can assure you that nowhere else does the Press make such a big fuss about strikes, and that goes as well for many other evils common to all nations.

The UK is a great place to live and work. I certainly don't need the Press highlighting strikes, violence, inflation, etc. I believe the English people would be much happier if the Press did not make such a big issue of these minor evils and hide the good news in one of the obscure back pages. Reading about England in the world Press one would think that only fools did not emigrate.

I concentrate on how happy I am in this country and how sad it will be to leave it shortly. I ignore those who try to brainwash me into thinking I am living in hell. Raul Farias, 8, The Bishops Avenue, N2.

- GENERAL President Jimmy Carter meets Mr. George Meany, president of the AFL-CIO (U.S. labour organisation) to discuss anti-inflation policy.
- Association of South Eastern Asian Nations (ASEAN) Foreign Ministers start two-day meeting in Bangkok to discuss Indochina developments.
- Italian Government meets trade unionists in Rome to negotiate support for economic policy.
- First regular Concorde flight to Dallas, Texas, leaves Heathrow.
- Mr. Joshua Nkomo, Rhodesian

### Today's Events

Patriotic Front leader (ZAPU), arrives in Moscow for two-week official visit.

Sir Kenneth Cork, Lord Mayor of London, attends City Corporation Policy and Parliamentary Committee Dinner at Armoury House, City Road, EC1.

Leeds University seminar on transport and the inner city.

OFFICIAL STATISTICS Department of Employment publishes retail prices index for December. Building Societies' receipts and loans for December.

COMPANY RESULTS Final dividends: Grange Trust.

Sidlaw Industries. Interim dividends: K. O. Boardman International. Interim figures: British Dredging Company.

COMPANY MEETINGS Carr's Milling Industries. Crest Motel, Kingstown, Carlisle, 11.30. Construction Holdings, 124, Chancery Lane, WC. 2.30. Mitchell Cotts, Winchester House, 100, Old Broad Street, EC. 12.

LUNCHEON MUSIC, LONDON Recital by Martin Young with Suzy Forsyth and Emma Young (piano), Holy Sepulchre, Holborn Viaduct, 1.15 pm.

Song recital by Michael London, St. Martin, Ludgate, 1.15 pm.



WHERE IN THE WORLD WILL YOU FIND STANDARD CHARTERED?

More and more in California, that vital region of the West. The Group now has 35 branches in California and has become part of the domestic banking scene.

With our direct branch-to-branch system we save you time and money by going straight away to the group branch in California (or anywhere else in the world) that suits your business best. Ask Keith Skinner about it today on 01-623 7500.

**Standard Chartered Bank Limited** helps you throughout the world

Head Office: 10 Clements Lane, London EC4N 7AB Assets covered £2,400 million

UK COMPANY NEWS

18  
Companies and Markets

# FNFC recovers further with £17.9m profit

THE RECOVERY trend has continued at First National Finance Corporation with pre-tax profit after provisions amounting to £17.86m for the year to October 31, 1978, against the previous year's £14.87m deficit. At midway, there was a turnaround from a loss of £7.86m to a £8.07m surplus.

The company achieved record profits of £18.4m in 1977, but plunged into losses in the next four years, hitting an all-time low of £83.2m in 1973.

The 1978 full-year profit was after charging interest on income, deferred and subordinated loans totalling £14.4m. Tax takes £0.15m (£0.88m credit) leaving a net surplus of £17.72m against a £3.89m deficit.

The result included £8.51m (£8.04m) from the consumer credit division, which continues to perform well, say the directors.

They report that the first half year saw lower interest rates and improved prices in the property market and these were important factors contributing to improved results.

Although in the second half interest rates moved upwards,

prices in the property market generally did not fall. This particularly applied to house prices and the results achieved on customers' estate developments and building out operations which the company has itself undertaken were better than anticipated.

The company was also able to arrange with some customers for disposal of commercial and industrial property at satisfactory prices, the directors state.

Interest rates have again risen to a high level, say the directors, but much of the lending of its consumer credit division is on a variable basis and high rates should not greatly restrict its profitability.

However, the lending and property division is unlikely to repeat its 1978 performance if present rates persist.

There is still a long way to go before the large sums due to the support group can be repaid, the subordinated loan stocks can be serviced and a solvency margin for shareholders can be achieved, they warn.

Under the terms of the re-

organisation scheme approved by shareholders and loan stockholders on December 31, 1975, and consequent upon results, interest qualifying for payment to the support group amounts to £32.2m and sufficient remittances have already been made to cover this amount.

This brings up to date all interest due on income loans and enables the company to pay £17.39m of interest due on deferred loans. Unpaid interest, on which no further interest accrues, amounts to £11.97m on deferred loans and £4.83m on subordinated loans.

The effect of the full year profit is to reduce net deficiency for shareholders to £53.42m and after deducting this from a total of £82.03m in respect of deferred and subordinated loans, the solvency margin now amounts to £28.62m.

The amount of the release in the year of principal provisions and suspended interest was £7.29m.

At balance date, group net assets stood at £23.62m compared with the previous year's £16.99m. See Lex

## HIGHLIGHTS

Plessey has sold a 24 per cent take in ICL, most of which was placed with institutions yesterday. English China Clays has reported the expected profit fall while First National Finance Corporation has achieved a sharp turnaround and begun to reduce its deficit on shareholders' funds. The M and G Group has failed to persuade the Treasury to allow it a substantial increase in dividend for the year, but the company is still making strong representations. Finally Lex comments on German chemical group, Bayer, which is planning a large dollar bond issue with warrants. Elsewhere Raybeck has come up with a reasonable first half and looks on target for £5m for the year. Hickson and Welch ends the year with a profit fall of a fifth but buoyant figures are out from AGB, Henderson-Kenton and Independent Newspapers. Kenning has managed to pick up in the second half after a dull interim.

# Hickson and Welch off £2m pre-tax

PRE-TAX profit of Hickson and Welch (Holdings), chemicals and timber products group, finished the September 30, 1978 year behind at £2.12m compared with £10.13m previously, on turnover up from £85.11m to £71.48m.

First half profit had fallen to £3.74m against £4.88m but the directors said there were signs that the second half's contribution would be higher than the first.

However, after a much lower tax charge, of £821,000 compared with £2.83m, minorities and preference dividends, the available earnings came out unchanged at £7.29m.

Earnings per 50p share are shown as 35p (34p) and the dividend is effectively raised to 3.8624p (3.4887p) net with a maximum permitted final payment of 2.5324p.

The growth in total revenue largely reflects price increases—sales volume was virtually unchanged. The share price rose 6p to 202p on the news giving a p/e of 5.2 and a yield of 2.9 per cent. The rating reflects earlier takeover bid speculation rather than performance expectations. On both a prospective yield and earnings basis there is better value elsewhere in the chemical sector.

# Vita-Tex ahead and hopeful

REPORTING a pre-tax profits jump from £97,000 to £351,000 in the half-year to October 31, 1978, the Board of Vita-Tex states that the outlook for the immediate future remains good. Provided that interruptions to production due to outside influences are at a minimum, second half results are expected to be at least as good as those for the first six months.

After a tax of £176,000 (£104,000), earnings per 20p share are shown to have risen to 5.2p from 3.1p. The net interim dividend is increased to 1.6p (1.2p). Last year's total payment was 3.5p.

Turnover was up at £4.04m against £3.9m.

Pre-tax profits were struck after depreciation of £126,000 (£120,000) and interest payable of £40,000 (£46,000).

The Board states that trading in the first half of the year was up to expectations and although a prolonged stoppage at a major automotive customer caused some problems, these have not depressed the figures to a great extent. In fact, the company's product mix and efficiencies have given an increased return on sales.

Vita-Tex manufactures warp knitted fabrics.

**comment**  
Hickson and Welch's pre-tax profits are down by 20 per cent but earnings per share are steady at 35p. The explanation is found in the very low tax charge. The company, complying with current accounting practice has taken the tax benefits of its £6.5m capital expenditure programme into account when calculating the tax figure. The pre-tax figure of £2.1m is slightly higher than the market was expecting and is in line with estimates made prior to the three week strike which cost profits around £700,000 and about £2m in lost revenue. It prevented the company from taking full advantage of the gradual improvement in the chemical

# English China cuts into falling profit rate

A SLUMP in clay profits at English China Clays left the group with taxable profits down from a record £30.48m to £24.48m for the year ended September 30, 1978. External sales were up by over £30m to £24.2m.

Most of the fall came in the first half, with profits well behind at £5.53m against £13.51m, and the directors then said that profits for the year would inevitably fall short of those of the previous year.

Earnings are shown as 10.66p (13.85p) per 25p share and the dividend is increased to 2.9654p with a final of 2.0434p—last year's total was 3.5812p which included an additional 0.0274p, now payable, on the reduction in ACT.

1977-78	1978-77
£000	£000
External sales	234,244
From capital grants	1,422
Depreciation	11,286
Pre-tax profits	24,482
Play	14,020
Quarries	6,493
Building	1,132
Transport	—
services	2,257
Tax	7,297
Corpn. tax	6,030
Div. tax relief	344
Overseas tax	1,509
Associates' tax	132
Attributable	17,185
Interim dividend	3,106
Final dividend	3,292
Additional div.	44

Depreciation policy has been altered in the year in the light of the revaluation of group properties at October 1, 1977 and the recently issued accounting standard on depreciation. The 1978 charge for depreciation is stated after crediting profit on sales of assets of £558,000 (£1.48m); the bulk of the sales, as in 1977, was of mobile plant.

The group has not made provision for deferred tax in respect of the excess of capital allowances for 1978 over the provision for depreciation of fixed assets as it is considered unlikely that such deferred tax would ever become payable. The group's reserves have been increased by £28.55m as a result of the revaluation of properties at October 1, 1977, and by £34m because the provision for tax equalisation at September 30, 1977 is no longer required in consequence of the change in accounting policy.

See Lex

## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Total of 1978	Total last year
Abbey	1.09	Mar. 9 031	1.9	1.7
Bett Brothers	1.13	Mar. 12 102	1.9	1.7
Butterfield-Harvey	1.13	Feb. 22 143	2.37	2.37
ERF	2.04	Apr. 9 18	3.97	3.53
Henderson-Kenton	1.54	Feb. 9	—	2.45
Hickson and Welch	2.53	Feb. 28 1	3.86	3.48
Independent Newspapers	7	Apr. 4 06	11.06	6.5
Kenning Motor	4.58	Apr. 2 268	4.63	4.15
M & G Group	2.358	Mar. 1 2 08	3.26	3.48
Owen & Robinson	0.63	Apr. 3 051	1.16	0.99
Pleasurama	1.65	Feb. 6 6	—	1.6
Raybeck	1.13	Mar. 5 101	2.4	2.03
Stroud Riley	0.5	Feb. 18 04	—	1.5
Symonds Eng.	1.8	Apr. 2 12	—	1.35
Vita-Tex	1.6	Apr. 2 12	—	3.3

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes additional 0.0274p for 1978-77. § Third interim of 1.158p in prospect.

# Independent News expands to £3.2m

PRE-TAX PROFITS of Independent Newspapers, Irish media group, jumped from £2.05m to £3.2m in the year to December 29, 1978, on turnover up from £22.4m to £30.8m.

Earnings per 25p share are stated at 25.9p against 16.03p. The final dividend is raised from 4.0625p to 7p net making a total payment for the year of 11.0625p (8.5p).

A one-for-two scrip issue is also proposed to bring the issued capital more in line with the growing capital employed.

Tax is payable at £587,355 against £586,067.

The increase in profits was due to buoyant advertising revenue, reflecting the strong growth of the Irish economy during the year, and the favourable reader-ship and circulation profiles of the group's national and provincial newspapers.

**comment**  
Newspapers are still cashing in on heavy advertising demand while Ireland's economy is growing at an impressive rate. Both

# Kenning Motor ahead by 16%

PRE-TAX PROFIT of Kenning Motor Group went ahead by 16.6 per cent from £7.09m to a record £8.27m in the year to September 30, 1978. The figures exclude the Rhodesian subsidiaries.

At the halfway stage, when profit before tax was up by 3.6 per cent from £2.85m to £2.75m, Mr. C. Kenning, the chairman, said better results would be achieved in the second six months.

Turnover for the year advanced 11.5 per cent from £192.79m to £215.06m.

Mr. Kenning says the results are good "considering the well-known difficulties encountered by the tyre industry." Kenning Tyre Services, which made the largest contribution to profits in the previous 12 months, had a difficult year.

Other parts of the group did well in a better business climate, and profits from cars and commercial vehicles showed a marked increase.

For the year to June 30, 1978, pre-tax profit of the Rhodesian

subsidiaries increased by 24.3 per cent from 1.51m to 1.85m Rhodesian dollars. Net profit improved from \$768,000 to \$959,000 after tax up of \$742,000 against \$825,000.

A final dividend up from 2.65p to 2.88p raises the net total from 4.15p to 4.87p per 25p share.

Ordinary capital has been increased by loan stock conversions and a one-for-four rights issue announced in November 1977.

Earnings are shown down from 22.8p to 20.4p basic and from 20.2p to 19.0p fully diluted.

It is the company's intention to require stockholders to convert their holding of 8 per cent convertible unsecured loan stock 1989/94 on the March 31, 1979.

**comment**  
Kenning surprised the market with pre-tax profits 17 per cent better following an indifferent first half. The second six months showed a 24 per cent increase although this drops to 15 per cent if the £350,000 special pension fund payment is added back to

# M & G doubles to £3m on unit trust sales boom

MAINLY ON the back of a high level of unit trust sales, both to individual investors and the company's assurance funds, M and G Group (Holdings) doubled pre-tax profits from £1,537,965 to a record £3,081,153 for the year to September 30, 1978. Of the total £2,043,520, compared with £1,107,414, was generated in the second six months.

The gross profit from unit trust management represented some 60 per cent of the year's result. Distribution of surplus from the life and annuity funds, investment management services to pension funds, charities and other clients, and the administration of unit trusts for managers other than M and G, contributed some 11 per cent. Non-trading profit amounted to 28 per cent of the whole, of which about half was investment income and half profit from the realisation of investments.

Because of the latter the directors decided it was right to make some of the profits available for distribution to shareholders. A second interim dividend of 2.35p net lifts the total to a maximum permitted 3.8624p (3.4887p). Also the Board

is making representations to the Treasury to declare a third interim of 1.155p as soon as possible.

Tax for the year took £1,316,730 (£711,272) leaving a net surplus of £1,774,425 (£826,722) for earnings per 5p to soar to 10.76p in 20.22p. Year-end net asset value was 74.2p (56.1p), and including investments at market value 94p (71p).

The value of funds involved in unit operations amounted to £335,348 (£705,335). See Lex

# Pleasurama advances to near £2m

WITH TURNOVER higher at £5.5m compared with £7.1m, pre-tax profits of Pleasurama, the entertainment and amusement concern, advanced from £1.5m to a record £1.95m for the year ended September 30, 1978, with £0.4m, against £0.34m, coming in the first half.

1977-78	1978-77
£000	£000
Turnover	7,112
Trading profit	1,712
Share assoc. profit	272
Profit before tax	1,884
Tax	1,098
Net profit	916
Minority interests	39
Minority income	686
Extraordinary income	392
Leasing	7,448
Pre. dividend	152
Ord. dividend	163

† Represents 28 per cent of profits of A.M. Stewart Street, until its closure in June 1978, and thereafter 25 per cent of the profits of its transfer to Rita Casino. Probably

# Healey & Baker

"Professional management of property assets is an essential asset in itself."

Effective property management, as any other form of management, calls for skill and experience if maximum yield and performance is to be achieved over the years.

Management of shops, offices and industrial premises can be made more effective by the operation of disciplines designed to establish the probable needs of both the buildings and the tenants and ways and means of meeting them.

Link your property management to a professional Partnership and acquire access to professional skills trained in action rather than reaction.

**Healey & Baker**  
Established 1820 in London  
29 St. George Street, Hanover Square, London W1A 3BG 01-629 9292  
City of London 118 Old Broad Street London EC2N 1AR  
Amsterdam Brussels Jersey New York Paris

# Rights issue by Chepstow Racecourse

Chepstow Racecourse Company is proposing to raise about £106,000 by way of rights to finance pre-development expenditure on extending its leisure facilities. The proceeds will also provide additional working capital for normal activities.

The directors are proposing to issue £111,530 8p per cent Convertible Unsecured Loan Stock 1988 at par on the basis of £1 Convertible stock for each £1 ordinary share.

The issue has been underwritten by London Trust Company, which holds 21,655 ordinary shares (19.4 per cent). It has undertaken to take up its rights.

Holders of stock will have the right on May 31, 1983, to convert £7 of stock into one Ordinary share—equal to 700p per share, compared with 365p in January 1978.

According to the rights document, Chepstow incurred a pre-tax loss of £24,500 for the nine months to September 30, 1978, compared with a loss of £20,600 in the previous comparable period.

The directors say they are unable to make a forecast because the company was so dependent on weather conditions.

# Record orders at Duple Intl.

Mr. Gordon D. J. Hay, chairman of Duple International, the Blackpool coach building and engineering firm, told the annual meeting that the coach building division had a record order book.

Negotiations had been completed with the labour force, and barring unforeseen circumstances he expected that the division would show an improvement this year over last year's results.

While the group, as a whole, should improve its profits in 1979, he said he was not prepared to forecast the final figures.

# WORLDINVEST INCOME FUND

WOBACO TRUST (JERSEY) LIMITED, Trustee of Worldinvest Income Fund, changed its name as of 1st December 1978 to BankAmerica Trust Company (Jersey) Limited.

# THE NEW THROGMORTON TRUST LTD.

Capital Loan Stock Tender  
51% of the above stock tendered on 3rd January 1979 will be accepted on a pro rata basis.

This advertisement appears as a matter of record only

**NACIONAL FINANCIERA, S.A.**

US\$25,000,000  
MEDIUM TERM FINANCING

insupporat

**Fondo Nacional de Fomento al Turismo - FONATUR -**

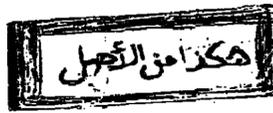
Managed by  
**Grindlay Brandts Limited**

Provided by  
**Canadian Imperial Bank of Commerce  
Grindlays Bank Limited  
Intermex International Bank Limited  
-INTERMEX GROUP-  
Japan International Bank Limited**

Agent  
**Grindlay Brandts Limited**

This loan forms part of a US\$750,000,000 co-financing with the International Bank for Reconstruction and Development in support of FONATUR.

هككزامن الأجهل



# Raybeck confident after record midway profit

RECORD SALES and profits are announced by Raybeck for the half year to October 26, 1978. Mr. Ben Raven, chairman, says he is looking for record profits for the full year.

In the half year the group pushed up sales from £35.15m to £45.44m and pre-tax profits by 26 per cent from £2.78m to £3.48m. For the whole of last year the company achieved pre-tax profits of £4.41m, against £4.63m on sales ahead from £63.11m to £75.96m.

The directors say that to reduce borrowings and interest charges incurred by the acquisition of Bourne and Hollingsworth, two of the group's freehold properties have been sold and leased back to raise about £5.4m.

The freehold interest in Crownhill Works, Plymouth, was sold in December last year for about £10.5m, after all expenses but before taxation. The sale this January of premises in Oxford Street, London, W1, raised £4.4m after all expenses but before taxation.



Mr. Ben Raven, chairman of Raybeck, photographed in the group's Oxford Street, London, Lord John menswear shop.

	1978	1977
Sales	45,444	35,150
Profit before tax	3,481	2,783
Tax	1,857	1,533
Ord. dividends	412	358

Mr. Raven says he is confident that after providing for the interest charges in connection with the purchase of Bourne and Hollingsworth in the second half, record profits will again be achieved for the full year.

The interim dividend is raised from 1.01p net per 10p share to 1.15p and the Board expects to recommend a similar percentage increase on the final Dividends last year totalled 3.364p. Stated earnings per share are shown up from 4.12p to 5.21p.

### comment

Despite a 2p slip in Raybeck's price yesterday to 57p the half time figures look a good result. Two acquisitions—John Stephen

and Fifth Avenue—were not fully included for the comparable period but even so the 26 per cent sales rise and 26 per cent improvement in profit is reasonably representative of what Raybeck has achieved by organic growth. The two star performers are again Lord John and Berkartex while the sluggish Bombows subsidiary is still yet to come right. West End trading came off the boil towards the end of 1978 and the recent bomb scares hit the Christmas trade. This is worrying, but in context the West End looks likely for the year indicating a p/e of 8 and yield of 8 1/2 per cent—the shares look good value.

ried even though Raybeck is refinancing a large slice of it. Before interest B and H will break even and next year it should be comfortably into the black. Overall profits of 68m look likely for the year indicating a p/e of 8 and yield of 8 1/2 per cent—the shares look good value.

# AGB target at least £1.94m

TAXABLE PROFITS of not less than £1.94m are forecast by AGB Research for the current year to April 30, 1979, compared with the previous year's £1.37m.

Reporting profits well ahead from £332,700 to £969,800 for the October 31, 1978, half-year, Mr. Bernard Audley, the chairman, says it is likely the second half result will exceed that of the first six months.

Trading continues to be most satisfactory and he looks forward to reporting another record profit for the full year, with results showing a substantial increase over 1977-78.

Mr. Audley explains that following its acquisition of publishing interests, the seasonal factors which had previously produced higher second half group profits will be less marked, since latter half publishing profits are generally lower than in the first period.

Turnover for the six months jumped from £1.81m to £8.92m, with results including for the first time the trading performance of the group's trade and technical press acquisitions. Profits were split divisionally as to: £657,300 from market research and computer services, and £312,500 from publishing.

Market research interests continue to flourish and publishing performance has fully met the expectations expressed at the time of its acquisition, the chairman reports.

Stated half-yearly earnings rose from 2.05p to 3.75p per 10p share and as already known, the interim dividend is effectively lifted to 1.4p (0.835p) net—last year's total was an equivalent 2.55p.

### comment

AGB has turned in a bumper set of figures, and the shares jumped 17p to 33p. After writing-off around £0.2m development costs, profits are 82 per cent higher at £0.97m. Of this £0.31m comes from the new publishing acquisitions but that still leaves a healthy 24 per cent increase from established market research activities. While the continuous survey panels continue to do well, and ad hoc activities of RSGB, normally very cyclical, are currently particularly buoyant while Intomart is getting an increasing share of work from the Dutch Government. Market research activity is continuing at a high level so prospects look good. With the publishing sector also buoyant, the outlook is equally bright on the trade and technical side, which could contribute around £0.7m for the year. In all, at least £2.2m looks possible for 1978-79. This puts the shares on a prospective p/e of 13.5 while the yield is 3.1 per cent, a rating which anticipates growth from the new services—Index, Tempo Computer Services and LCM—when they start to work through to profits during the next 15 months.

# Engineering increase helps Midland Inds. to £2.1m

FURTHER improvement in the second half raised Midland Industries' pre-tax profits in the year to September 30, 1978 from £1.8m to £2.11m on turnover ahead from £19.55m to £20.84m. At the halfway stage pre-tax profits had advanced from £930,000 to £961,000.

Both the iron foundry and engineering sides improved their profits. The engineering division almost doubled its pre-tax profits from £216,000 to £421,000 on sales ahead from £4.05m to £5.02m. The foundry sector profits went up from £1.58m to £1.68m on sales of £15.53m, against £15.5m.

The final dividend is raised from 0.508p net per 5p share to 0.631p, making a total of 1.161p, compared with 0.888p. Earnings per share are shown up from 13.61p to 15.99p.

land has done well to lift full year profits by 17 per cent. A not insignificant factor behind the iron foundry results is the absence of any major industrial disputes in this division during the period but most of the overall increase is due to a strong performance by the much smaller engineering companies, where profits almost doubled. But the foundry business is still the mainstay of the group, so a resumption in the growth rate of recent years (average 40 per cent between 1973 and 1977) will have to wait until the economy recovers. Meanwhile, the company is pressing ahead with its expansion programme to increase foundry capacity by around 50 per cent. At 4 1/2p, the shares are on a p/e of 2.7, a rating which reflects the poor yield of 4 per cent. A rights issue would be one way of boosting payments (the cover is around 13) but the Marsland family, controlling 41 per cent, may be reluctant to take this course.

from 250.4p to 253.7p after prior charges at par. The final net dividend is stepped up to 3.6p from 3p, making a total payment of 5.6p (4.6p).

# Abbey up by 60% midterm

THE DIRECTORS of Abbey, Dublin-based industrial holding company, report a 60 per cent rise in taxable profits from £924,000 to £1,477m for the six months ended October 31, 1978, on external sales up from £14.99m to £18.88m.

For the previous year the company recovered to £2.5m from losses of £357,000 in 1975-76, and a £1m profit in 1978-77.

### Winterbottom Trust upturn

Profit before tax of Winterbottom Trust stood at £473,884 against £416,368 in the year to November 30, 1978.

Gross investment income was up from £16.18p to £21.03p. Earnings per 25p share were lifted from 4.71p to 5.68p, and asset value per share increased

# Six months' upsurge at Butterfield-Harvey

WITH MARKED recoveries in housewares and steel office furniture and excellent results in most other areas, Butterfield-Harvey lifted its profit 37 per cent from £1.14m to £1.56m for the half year to September 30, 1978. Sales showed an 18 per cent improvement at £27.05m, against £22.97m.

At present industrial disputes are affecting the company's factories' supplies and deliveries. Providing these can be quickly resolved the directors are confident that full year profits will exceed last year's performance when pre-tax surplus was a record £2.77m.

Trading profit for the first half was up from £1.24m to £1.64m after providing for £96,000 depreciation on buildings this time in accordance with accounting standard No. 12.

Stated earnings per 25p share were ahead from 5.4p to 7.7p from which it paid an increased net interim dividend of 1.3p (1.125p)—last year's final was 1.24p.

Tax with the deferred element adjusted in line with SSAP 15,

took £427,000 (£335,000) leaving net profit £0.38m higher at £1.13m for the half-year. Excellent results were achieved by the subsidiaries manufacturing municipal and other special purpose vehicles, library furniture, and those factoring leisure marine products and industrial hydraulics. However difficult trading conditions were met by the hydraulic cylinders manufacturers and plastic blow moulding companies.

Costs associated with the termination of unprofitable activities at Greenwich have been treated as extraordinary items. A surplus of £300,000 arising on the sale of part of the site in November for £248,000, leaves an extraordinary debit of £3,000.

	1978/79	1977/78
Sales	27,051	22,968
Trading profit	1,644	1,244
Share issue	120	120
Interest	206	238
Pre-tax profit	1,558	1,136
Tax	427	335
Net profit	1,131	801
Extraordinary debit	3	15
Minorities	1	1
Attributable	1,121	789
Ord. dividends	188	162

# Little change for ERF after 28 weeks

THE DIRECTORS of ERF (Holdings), manufacturer of heavy commercial vehicles and fire appliances, report little change in taxable profit for the 28 weeks to October 26, 1978, at £1.61m compared with a previous £1.56m. Sales were well up at £33.04m, against £26.91m.

For the whole of the 1977-78 year profits nearly doubled to a record £3.28m on sales of £59.31m.

A second interim dividend of 1.525p net per 25p share is announced—making the total so far 2.1775p—and the dividend for the full year will be restricted to a 10 per cent increase. Last year an equivalent 2.431667p was paid.

The directors say that the fire appliance market continues to be depressed but there are now signs of some improvement in the second half.

The plastics subsidiary has made an excellent recovery from last year, and long term prospects seem encouraging, they add.

The UK market for commercial vehicles remains buoyant and the directors anticipate maintaining their increased sales pattern. Profit margins, however, are under some pressure due to strong competition.

Pre-tax figure was struck after interest on loan capital £53,000 (£84,000) and was subject to tax of £88,000, against £140,000. The retained balance came out at £1.4m (£1.3m).

Following the capitalisation issue of 10 per cent cumulative preference shares last August, the directors say that the first dividend payment on these shares will be made on April 30, and will not be subject to current dividend restraint legislation.

# Noyapara Tea expects fall in profits

Profits for 1978 of Noyapara Tea Holdings are expected to be appreciably less than the 1977 figure of £190,000, states the Board in its interim report. Nonetheless, it is anticipated that operations will result in a "not satisfactory" profit.

The reinstatement of the profit for 1977 has just been received and, as advised in the chairman's statement in the last annual report, the Board is now considering a capital reduction scheme and/or the declaration of a further dividend.

# Stroud Riley Drummond

For the half year ended September 30, 1978 Stroud Riley Drummond—has shown an increase in profits from £201,000 to £222,000. Turnover improved £265,000 to £3.78m.

After tax of £102,000 (£76,000), net profit came out at £120,000, compared with £125,000, and is subject to extraordinary debits of £32,000 (£15,000).

The interim dividend is held at 0.5p net per 25p share—total for the year ended March 31, 1978 was 1.5p paid from profits of £444,000.

The company makes worsted suitings and knitted fabrics.

### PUBLIC NOTICES

**BOLTON M.B.C.**  
22nd Bill, passed 7th January, due 11th April, 1979, at 11 1/2%. Only 500s outstanding.

**ST. HELENS BOROUGH COUNCIL**  
21st Bill, passed 9th January, 1979, at 11 1/2%. Total bill now outstanding £2.5m.

**WILTSHIRE COUNTY COUNCIL**  
£1,350,000 Bill, issued 12/78, at a rate of 11 1/2%. Total bill now outstanding £11,150,000 and these are the only outstanding bills.

# HOW TO REDUCE YOUR COMPANY'S FUEL BILL

Do you know that most small-to-medium size companies are wasting 10 to 15 per cent of all the fuel they use for heating, power and lighting? Over 12 months that can cost a tidy sum. It could be the difference between making a profit and just breaking even. And, even if you've already started to tackle the problem, you've a lot to gain by finding out how much energy you may still be losing. Pin-pointing the wastage isn't that difficult. Especially if you take advantage of the Energy Survey Scheme.

All you have to do is fill in the coupon and we'll send you details of the scheme and a list of independent professional consultants. When you've chosen a consultant, he'll spend a day at your premises studying your company's energy use. He'll send you his report recommending simple modifications which could lead to substantial savings. And the Department of Energy will pay up to £75 which is most of the cost of the survey. So, fill in the coupon and find out how to reduce your company's fuel bill.

# CUT HERE

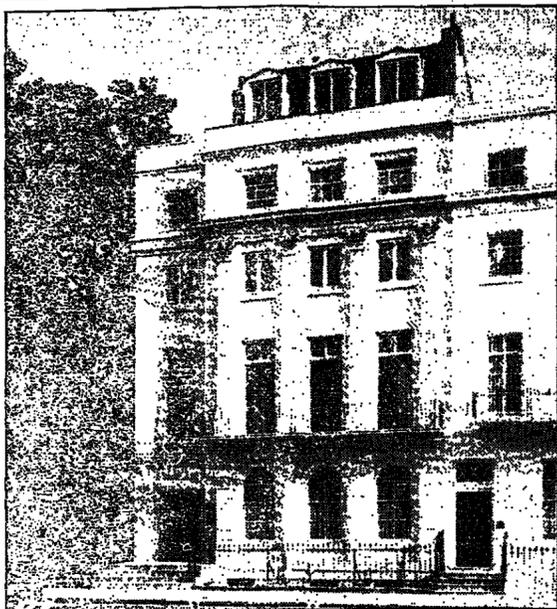
To: Department of Energy, Free Publications (ESS), P.O. Box 702, London SW20 8SZ.  
ENERGY SURVEY SCHEME. Please send me leaflets and a list of consultants.

Name \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_  
Position \_\_\_\_\_



Department of Energy.

# 1 Hobart Place London SW1



A self contained building of 4,000 sq. ft.

- Close to Victoria Station
- Passenger Lift
- Full Central Heating and Partial Air Conditioning
- Telephones and Telex Installed
- Parking Facilities Available for 5 Cars
- Carpeted Throughout

Consultant Surveyors  
Gerald Eve & Co. 18 Savile Row London W1X 2BP

**JONES LANG WOOTTON**  
Chartered Surveyors  
103 Mount Street London W1Y 6AS  
Telephone: 01-493 0040

## ELM VILLAGE LONDON NW1

Half a mile north of Euston Road

### INDUSTRIAL/COMMERCIAL DEVELOPMENT SITES

12.3 ACRES

The London Borough of Camden invites enquiries and proposals from potential occupiers and/or developers who have the capacity to produce imaginative developments with a wide range of unit sizes and provision for employment of local residents and training facilities.

For further information/interviews, apply to:  
The Chief Valuer, London Borough of Camden  
Town Hall, Euston Road, London NW1 2RU  
01-278 4366, ext. 247, 192 or 245

## WATFORD, HERTS

Factory/Warehouse units  
14,000-19,000-22,500 sq. ft.

Good loading and parking Sprinklers  
TO LET / FOR SALE

Joint Sole Agents:

**Henry Butcher & Co**  
Incorporating  
Leopold Farmer & Sons  
59/62 High Holborn, London WC1V 6EG  
Tel.: 01-495 8411

**HULL & COMPANY**  
26 High Street, Gt. Baddow, Chelmsford  
Tel.: 0245 76464

### STANFORD-le-HOPE, Essex

Off A13—Opposite Railway Station  
Prestige  
**OFFICE BUILDING**  
7,660 sq ft  
FREEHOLD FOR SALE  
**EDWARDS SYMONS & PARTNERS**  
56/62 Wilton Road London SW1V 1DH  
Tel: 01-834 8454

### PRINCES GATE S.W.7—TO LET

SUPERB HEADQUARTERS OFFICE BUILDING  
Sq. 6,300 Ft.  
FOR INSTITUTIONAL OR DIPLOMATIC USE  
COMPLETELY REFURBISHED  
CARPETED THROUGHOUT  
LIFT AND CENTRAL HEATING  
INCLUDES PENTHOUSE ACCOMMODATION  
**MOSS & PARTNERS**  
5, TILNEY ST., PARK LANE, W.1  
01-629 9933

### LONDON OFFICES

**BIJOU BUILDING**  
Near Barbican - 1,600 sq ft  
Just rehabilitated - Rent £10,000 pa  
Rent **£10,000 p.a.** Our Ref. W.  
CHAMBERLAIN & WILLOWS  
Church House, Ironmonger Lane, London EC2V 2EU - 01-606 9811

### N.16 FREEHOLD

**VICTORIAN BUILDING**  
2,680 sq ft plus 14 Car Spaces  
Price **£62,500**  
Fully Serviced  
FOR SALE BY TENDER. Closing date for Tenders: 28th February, 1979.  
Sole Agents as above

### STRAND W.C.2.

2,850 SQ. FT. OFFICE SUITE  
Heavily decorated with benefit of Dining/Boardroom and Kitchen  
Also Lift - 24 hour access - Night storage heating  
RENT **£14,500**  
Lease to June 1982. £8,000 is required for the Lease and fixtures and fittings  
**AYLESFORD**  
44) KINGS ROAD, SW10 - 01-351 2383

By order of the  
Secretary of State for Defence  
**FARNBOROUGH**  
Hants.

**FREEHOLD RESIDENTIAL BUILDING LAND**  
about 4.84 acres  
12 dwellings per acre or possibly Flats at 60/65 persons per acre  
**PEARSONS**

**PUBLIC AUCTION**  
6th February, 1979  
Full details:  
Clock House, Farnborough, Hants.  
Tel: Farnborough 41192.

**DREW GIBBS & PEARCE**  
CUTHBERT LAKE & CLAPHAM  
Chartered Surveyors  
14 Cathedral Close, Exeter.  
Tel: (0392) 58348

**TAUNTON, Somerset**  
(Town Centre 1/4 miles)  
Residential Building Land  
Approximately 7 1/2 Acres on level site with  
OUTLINE PLANNING PERMISSION  
Fully Serviced  
FOR SALE BY TENDER. Closing date for Tenders: 28th February, 1979.  
Sole Agents as above

**SLOUGH**  
FREEHOLD INVESTMENT  
Shop Premises in the Farnham Rd.  
Present rental income £1,950 p.a.  
Lease expires September, 1979  
OFFERS INVITED FOR FREEHOLD  
Details from:  
**FRANK FARR & SONS**  
Slough 2282

## MAJOR INTERNATIONAL OIL COMPANY

requires a Head Office Building providing not less than

# 150,000 sq. ft.

### In CENTRAL LONDON

or within a maximum 40 mile radius

Possession required July 1979

Details to retained surveyors



**LESLIE LINTOTT & ASSOCIATES**  
Chartered Surveyors, London Office Consultants  
18 Seymour Street, Portman Square,  
London W1H 5WB 01-935 6856

Mr Square Footage needs a site or a building for...

## A MAJOR SERVICE CENTRE IN WEST LONDON

100,000 sq. ft.

**Knigh Frank & Rutley**  
20 Hanover Square London W1R 0AH  
Telephone 01-629 8171 Telex 265384

## MIDWESTERN U.S.A. RANCH AND COAL LAND

9,141 acres working cattle, crop and grain ranch in North Missouri

Large, proven, coal reserves

\$5,715,000 including mineral rights

Robert E. Fredholm,  
Route C, Box CAM 12,  
Camdenton, Missouri 65020,  
U.S.A. Tel: 314/873-5033



### SHOPS & OFFICES

Two Superb Office Suites in new development  
**TO BE LET HARROW**  
850/2,200 SQ. FT.  
★ ALL AMENITIES  
★ AVAILABLE NOW  
**MELLERSH & HARDING**  
Chartered Surveyors  
43 ST. JAMES'S PLACE, S.W.1.  
01-493 6141

**CITY OFFICES**  
EC2 5,000 sq. ft.  
new self contained building  
**TO BE LET**  
MONTAGU EVANS AND SON  
01-826 6361 ref: cjbnt

**RICKMANSWORTH**  
PROPOSED NEW OFFICE DEVELOPMENT  
8/25,000 Sq. Ft.  
Herts. Users only  
Write Box 7500, Financial Times  
10 Cannon Street, EC3P 4BT

### MAJOR INTERNATIONAL CO.

seeks new premises within 15-mile radius of Maidenhead.  
Total 28-35,000 sq. ft. (10,000 sq. ft. office, 12,500 sq. ft. light industrial, balance for warehousing.  
Larger or smaller premises will be considered. Supply full details to retained agents:  
**McGLINCHEY BARRY & CO.** 113-115 King Street, Maidenhead, Berks. 0628 31057.

**FACTORIES AND WAREHOUSES**  
**REDHILL**  
Modern Warehouse approx 19,000 sq. ft.  
**TO LET**  
Immediate Occupation.  
**PEPPER ANGLES & YARWOOD**  
6 Carlton Place London W1R 0AH  
Telephone 01-499 5085

**PROPERTY ADVERTISING**  
Also Appears Today  
on Pages 12 and 13

## UK COMPANY NEWS

### Half-year jump at Henderson-Kenton

WITH A jump in pre-tax profits from £252,000 to £307,000 in the six months to September 30, 1978, the directors of Henderson-Kenton, the retail furniture group, remain confident that the year-end dividend should show a satisfactory increase over 1977, when profits before tax were £1.43m.

Mr. David Hyman, chairman, says that real volume growth was more than 20 per cent. Turnover was ahead from £9.46m to £12.15m.

The December quarter, he adds, continued the excellent trend shown in the first six months. In contrast with the first half, the first six months compare with excellent figures achieved last year. Despite the adverse weather, the January sales started well but it is not possible at this time to forecast the trading pattern for the final quarter.

After tax of £300,000 (£82,000), earnings per 20p share are stated at 4.5p having been calculated on profits of £284,000 determined after charging 68 days' preference dividend following last year's scrip issue.

The net interim dividend of 1p is the same as last time. Last year's total payment was 2.4539p. Operating profit reached a record £1.06m (£300,000).

Operating profit reached a record £1.06m (£300,000). The December quarter, he adds, continued the excellent trend shown in the first six months. In contrast with the first half, the first six months compare with excellent figures achieved last year. Despite the adverse weather, the January sales started well but it is not possible at this time to forecast the trading pattern for the final quarter.

### BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interim or final, and the sub-dividend shown below is based mainly on last year's timetable.

Company	Date
International Thomson Industries	Jan. 18
Associated Sprayers, Grange Trust, Stock	Jan. 18
London and Montrose Inv. Trst.	Jan. 18
Ashdown Investment Trst.	Jan. 23
Associated Paper	Jan. 18
London and Montrose Inv. Trst.	Jan. 25
French (Thomas)	Jan. 24
Tate and Lyle	Jan. 24

The net interim dividend of 1p is the same as last time. Last year's total payment was 2.4539p. Operating profit reached a record £1.06m (£300,000). The December quarter, he adds, continued the excellent trend shown in the first six months. In contrast with the first half, the first six months compare with excellent figures achieved last year. Despite the adverse weather, the January sales started well but it is not possible at this time to forecast the trading pattern for the final quarter.

### Bett Bros. in line at £2m

PRE-TAX PROFITS of Bett Brothers, building and public work contractor, for the year to August 31, 1978, were £2.64m, in contrast with the £1.8m of the previous year. Prices have increased by roughly 10 per cent in the period so sales volume is up by about 18 per cent. Industry figures suggest a general volume growth of approximately 10 per cent so there has been growth in market share for Bett Brothers. This was achieved by moving the product range firmly into the

## MINING NEWS

### Sweden's £95m aid for Kiruna mine

THE SWEDISH Government has approved a proposal to grant aid totalling Skr 855m (£95.3m) for the State's loss-making Luossavaara-Kiirunavaara (LKAB) iron ore mining complex at Kiruna in Lapland.

A Bill soon to be presented to parliament will allow the Industry Minister, Mr. Erik Buss, to offer LKAB Skr 500m to help cover its 1978 losses and Skr 200m for 1979.

The remaining Skr 155m will be available to keep at work this year 530 of the 650 people for which the company would have insufficient employment under normal circumstances. The remaining employees can be given jobs by LKAB's parent, the State holding company Statsforetag.

The latter earlier said that it wanted Skr 2,080m, including Skr 1.1bn in loans, to secure LKAB up to 1981. Losses of £80m last year and are expected to be around Skr 1.6bn for 1979-81.

Statsforetag feels that after adjustments in untaxed reserves some Skr 700m would have been required to cover the 1978 loss compared with the Skr 500m

being offered by the Government. The company's managing director, Mr. Per Skoeld, said that the Government's decision means that no steps can be planned to make LKAB more profitable in the longer run.

Like other iron ore producers, LKAB has been hit by the recession in the world steel industry. Being an underground mine—possibly the biggest underground operation in the world—its costs are higher than those of the predominantly open-pit operations elsewhere.

Although it is situated some 1,400 kms north of Stockholm and 150 kms inside the Arctic Circle, the great mine and the company's Malmberget deposits some 120 kms away are worked the year round in temperatures which can sink to minus 20 degrees centigrade.

It has the advantage of being closer than other suppliers to its European customers and has the ability, via the use of computerised grading, to supply an unvarying grade of ore on a custom basis. Computers also control a complex railway system of trains in the mine which employs both men and women underground.

### Japan-China coal plan

THEY International rush to help China develop its natural resources has spread to six Japanese coal groups who, according to industry sources in Tokyo, hope to reach an agreement next month for the provision of assistance to double Chinese coal production to 1bn tonnes a year over the next 10 years.

Mr. Singo Ariyoshi, president of the Japan Coal Association, will probably travel to Peking in February to sign an agreement. The Japanese assistance will cover the development of new mines in south west China and the modernisation of exist-

ing operations. The cost is put at £150bn (£379.7m). It is apparently the Chinese who are to finance part of these costs with loans from Japan and to pay the balance in coal.

The six groups involved are Mitsui Mining, Sumitomo Coal Mining, Mitsubishi Mining, Matsushita Coal Mining, Taiheiyo Coal Mining and Japan Overseas Coal Development. Their involvement in the Chinese industry will speed a process of development and mechanisation, plans for which were discussed at National Conferences in January 1977 and January 1978.

### BANK RETURN

	Wednesday, January 10 1979	Increase (+) or Decrease (-) for week
<b>BANKING DEPARTMENT</b>		
LIABILITIES	£	£
Capital	24,595,000	214,720
Public Deposits	1,098,785,000	1,098,785,000
Special Deposits	659,282,232	75,281,155
Bankers Deposits	659,282,232	75,281,155
Reserves & Other Accounts	2,159,485,606	40,448,595
ASSETS	£	£
Government Securities	1,775,055,068	21,679,899
Advances & Other Accounts	209,050,571	4,285,068
Premises, Equipment & Other Secs	169,711,648	5,067,576
Notes	112,512,222	20,282,222
Other	212,967	7,504
	2,159,485,606	40,448,595
<b>ISSUE DEPARTMENT</b>		
LIABILITIES	£	£
Notes issued	9,875,000,000	180,000,000
In Circulation	6,867,615,288	289,715,118
In Banking Department	7,384,732	20,282,222
ASSETS	£	£
Government Debt	11,015,100	300,785,443
Other Government Securities	7,767,125,000	45,244,539
Other Securities	968,865,892	45,244,539
	9,875,000,000	390,000,000

هكزا من التحليل

Pilkington can go ahead with Sola purchase

BY ANDREW TAYLOR AND JAMES FORTH In what appears to have been an about-turn in Australian Government policy, Pilkington Brothers has been given permission to proceed with its \$22.8m cash bid for all of Sola Holdings... Pilkington's glass manufacturing experience in glass moulds is used to make plastic lenses into the Sola business clearly appealed to the Australian authorities...

Airco plans sale of ferro-alloys operation

BOC International's wholly owned U.S. subsidiary, AIRCO, has reached a preliminary agreement to sell its U.S./Swedish ferro-alloy operation for over \$100m. The ferro-alloy division of Airco had \$213m sales in 1977... The buyer of the bulk of the U.S. operations of the ferro-alloys division is Satra Corporation...

ICFC FINANCE FOR TANGROSE ENGRG.

Industrial and Commercial Finance Corporation has invested \$100,000 in Tangrose Engineering of Darlington, Co. Durham. The finance is being used for purchase of plant, and as additional working capital to enable expansion...

TATE & LYLE

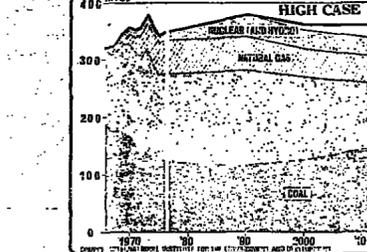
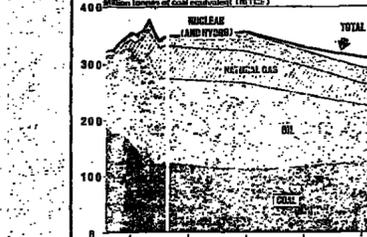
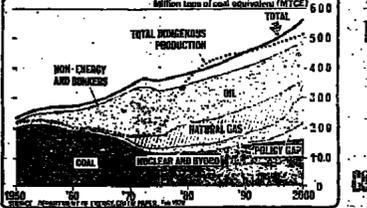
The Tate and Lyle subsidiary Tite and Lyle Engineering has formed PROTECH, otherwise known as Tate and Lyle Process Technology.

Sime Darby bid for Guthrie 'purely business transaction'

BY JAMES BARTHOLOMEW Leading representatives of Sime Darby (Holdings) including Mr. James Scott, the group chief executive, arrived in London yesterday... Mr. Siew Sin, Sime Darby chairman, has announced that his board would meet today to finalise the proposed offer.

A low energy strategy

THE BATTLE lines are already being drawn over the latest controversial addition to Britain's energy debate. The nuclear industry and its supporters will be quick to discount the forecasts of a report that would leave it with little future and only a very limited present... The International Institute for Environment and Development this week produced the findings of a two-and-a-half year study funded by the Ford Foundation...



But what effects will the report have on Department of Energy policy making? It forms one of a series of reports that are being prepared under the gaze of the Department's Energy Technology Support Unit on low energy strategies for the UK... The Government said in the last paper that it is difficult to establish exactly what is the scope for future energy conservation...

Main Board post at Gallaher

Mr. E. E. Martin-Leake, chairman of the Mono Group of Companies, has been appointed to the Board of Gallaher... Mr. Richard McClean has been appointed marketing director of the FINANCIAL TIMES... Mr. F. H. Boland has retired from the Board of ARTHUR GUINNESS SON AND CO...

SONITEX Société Nationale des Industries Textiles US \$20,000,000 MEDIUM TERM LOAN. Managed by Banque Nationale d'Algérie, Grindlay Brants Limited, Nippon European Bank S.A., UBAN-Arab Japanese Finance Limited, Associated Japanese Bank (International) Limited, The Bank of Yokohama Limited, Banque Continentale du Luxembourg S.A., Commerzbank Aktiengesellschaft Tokyo Branch, Grindlays Bank (Jersey) Limited, Nippon European Bank S.A., URAF Bank Limited, UBAN-Arab Japanese Finance Limited, The Yasuda Trust and Banking Company Limited.

NOTICE OF REDEMPTION to the holders of bonds payable in American Currency of the issue designated 9% Bonds due February 15, 1985 (herein called "Bonds") of The Norwegian State and Municipal Power Consortium, Sira-Kvina Kraftelskap. Public Notice is Given that the Norwegian State and Municipal Power Consortium, Sira-Kvina Kraftelskap intends to and will redeem for SINKING FUND PURPOSES on February 15, 1985...

Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

Major banks show strong fourth-quarter profit gains

BY DAVID LASCELLES IN NEW YORK

THREE MORE large U.S. banks reported increased profits yesterday. J.P. Morgan...

loans were \$299m. down from \$381m the previous year. Chemical Bank reported fourth quarter earnings of \$34.8m or \$2.21 a share...

Other banks reporting yesterday included First Interstate Bancshares, whose earnings were \$21.4m or 1.08 a share...

Fidelity Management starts discounting rates

BY OUR NEW YORK STAFF

IN A MOVE marking a further shake-up in the already fast-changing U.S. brokerage business...

The Boston-based Fidelity Management and Research Company, the U.S.'s second largest mutual fund, with assets of \$3.9bn...

Customers, who need not be investors in the company's mutual funds (though they must fill in a credit form)...

The charge for these services, the company claims, will be about 65 per cent lower than those at regular brokers.

of the usual research and share tipping services. The company said the service was a natural extension of the mutual fund business...

Although he expected this to cause a stir among the already hard-pressed Wall Street brokerage firms...

Mr. Hamilton said the preliminary results were achieved despite the weakening of the U.S. dollar...

Worldwide sales and revenues for 1978, including insurance and finance revenues, are estimated at \$18.3bn or 15 per cent above the 1977 peak.

ITT expects record sales and profits

BY OUR FINANCIAL STAFF

INTERNATIONAL TELEPHONE and Telegraph Corporation expects to set record sales and earnings in 1978...

Consolidated earnings for 1978 are expected to increase by about 15 per cent over a restated \$4.9 per share before extraordinary items in 1977...

Mr. Hamilton said the preliminary results were achieved despite the weakening of the U.S. dollar...

Worldwide sales and revenues for 1978, including insurance and finance revenues, are estimated at \$18.3bn or 15 per cent above the 1977 peak.

Improved performance by Air France

By Terry Dodsworth in Paris

AIR FRANCE'S 1978 results underline the company's improved operating performance following last year's agreement with the French Government on state subventions.

Profits of the group's subsidiary operators amounted to Ffr 255m (59m) compared with Ffr 34m in 1977...

After taking Concordo operations into account, the profit figure will be cut to Ffr 220m. Under the terms of Air France's agreement with the Government...

Concordo provided only one element in Air France's subsidy deal with the Government. The company is also compensated for the expense of running services from the new Charles de Gaulle Airport...

State subventions for these areas of the business amounted to about Ffr 210m last year.

M. Pierre Giraudet, the airline president, said that the profit figures would have been still better last year if the company had not lost an estimated Ffr 80m on industrial disruptions caused by French air traffic controllers and Air France navigators.

Even so, turnover reached Ffr 11bn and the company achieved a steady growth in traffic. Seat occupation went up to a record level of 64.1 per cent...

Air France is now embarking on a new policy aimed at the mass market.

Semperit and Kleber tyre groups end Swiss links

BY PAUL LENDVAI IN VIENNA

SEMPERIT, ONE of Austria's leading industrial companies, and Kleber Colombes, effectively controlled by the Michelin group of France...

A joint statement by the French and Austrian concerns cited "insurmountable differences" between the shareholders as the main reason for the decision...

At the time of its formation, Semkler was seen as the pre-

in turn owns 67 per cent of Semperit and just over half of Kleber.

Between 1975 and 1977, Semperit had recorded accumulated losses of Sch200m (\$19.2m). It is estimated that last year saw even larger losses than the Sch 99m reported for 1977.

The Semperit group's 1978 turnover was an estimated Sch7bn, with a work force of some 13,000. The parent company reported an approximate sales total of Sch5bn for 1978.

During the first half of the current year RWE's utilised power output had risen by 5 per cent, with figures for the second half, alone, showing an 8.6 per cent rise.

The performance, however, includes special supplies of electricity, particularly to France.

Deutsche BP moved out of the red last year. The company reports net profits on all operations of DM 46m for 1978 compared with losses of DM 153m a year earlier.

Volume sales increased by 6 per cent to 16.3m tonnes from 15.4m; while refining output moved up from 12.1m to 12.7m, a rise of 5 per cent.

RWE \$8bn capital programme

BY GUY HAWTIN IN FRANKFURT

WEST GERMANY'S largest electricity utility Rheinisch-Westfälisches Elektrizitätswerk (RWE), is to embark upon a DM 16bn (\$8.66bn) five-year investment programme.

Just under DM 9bn will be spent on power station construction and on improving its grid.

The vast investment programme will not involve a capital increase either this year or the next.

Yesterday's announcement was coupled with the news that the group expects to maintain its dividend at 16 per cent—DM 3 per share—for 1978-79 which ends on June 30.

Forecast was made despite the management's assessment that profits will not improve greatly on the previous year.

CIT-Alcatel in U.S. takeover

BY DAVID WHITE IN PARIS

ONE of France's two principal electronics and telecommunication companies, CIT-Alcatel, announced yesterday that it was in an advanced stage of negotiations to take over Friden Mailing Equipment of the U.S.

Friden Mailing Equipment is one of the top U.S. companies in the specialised field of franking machines after Pitney-Bowes, which dominates the business. It has an annual turnover of about \$30m.

The purchase, if it goes through, will mark CIT-Alcatel's first direct foothold in the U.S. office equipment sector.

The company, which belongs to the CGE electrical group, has an unassailable position among French companies in this area, with annual sales of office equipment—including mail processing machines—of about Ffr 350m (\$83m).

It has an office equipment subsidiary in Belgium, and about 35 per cent of sales are exports, mostly to other European countries and the Middle East.

Acquisition of Friden would reinforce its position in the second rank of producers after Pitney-Bowes, as well as its presence in the U.S. following an important deal with AM International (Addressograph-Multigraph) to market under the latter's name card-embossing computer terminals supplied by the French company.

Friden Mailing Equipment, based in California, is the rump of the Friden group, most of whose other activities were taken over by Singer.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of the other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Table with columns for U.S. DOLLAR, DEUTSCHE MARK, SWISS FRANC, and OTHER STRAIGHTS. Includes bond names, amounts, and prices.

Increase in earnings at Kaiser Aluminum

BY OUR FINANCIAL STAFF

A FURTHER rise in sales and earnings in the fourth quarter at Kaiser Aluminum and Chemical Corporation has brought the 1978 earnings total to \$3.53 a share against \$2.77 previously.

Total net for the year jumped by 29.7 per cent to \$14.53m, on sales increased by 12.3 per cent to \$2.45bn.

Kaiser said that the year's net included a currency translation loss of \$1.5m or 30 cents a share against \$15.5m or 38 cents a share previously.

The net figure also includes provision of \$8.2m or 30 cents a share in 1978 and \$6m or 15 cents a share in 1977 for estimated additional expenses resulting from an LNG contract.

In the final quarter, earnings rose by 14 per cent to \$34.2m, or 84 cents a share against 74 cents. Sales, at \$636.7m, increased by 19 per cent.

Kaiser enjoyed a massive boost in the third quarter when earnings jumped by 90 per cent to \$34m. But the year-end result failed to fulfil the prediction made last September by Mr. William Hobbs, vice-president and treasurer, who expected net profit for the full year to be "over \$7 a share."

The company said that the use of equity accounting for certain investments of unconsolidated subsidiaries decreased 1978 net income by \$16.9m or \$1.21 a share, compared with an increase in 1977 net income of \$11.1m or 85 cents per share.

In the fourth quarter, the effect of equity accounting was to increase net income by \$2.2m or 56 cents a share in 1978 and by \$2.8m or 22 cents a share in 1977.

Brascan in Brazil suit

Two legal proceedings have been instituted in Brasilia against the purchase by Brascan of Brascan's interest in Light Services Eletricidade, Reuter reports from Toronto.

The proceedings were begun under a law permitting private citizens to dispute Government actions alleged to be against the national interest.

Brascan believes the proceedings are without merit and expects the transaction to close promptly as planned.

The company is to spend \$150m over the next six major U.S. cities. The first will be in Minneapolis with the remainder also based in cities with direct air links with Europe.

In Minneapolis, Novotel has reached an agreement to acquire an interest in the L'Hotel de France.

A review of the taxation system governing branches of foreign banks in France has been promised by the government.

Under existing regulations, foreign branches do not benefit from French double tax agreements. Bank subsidiaries, however, do benefit.

There are some 98 foreign banks registered in France, and that their total assets at the end of 1977 amounted to Ffr 192.2bn, or 16 per cent of overall French banking assets.

Creusot-Loire, specialty steel and heavy engineering group, intends to lay off between 700-800 workers at its plant at Chateaufort.

Siemens seeks share of Tandberg data equipment

BY FAY GJESTER IN NORWAY

SIEMENS, the wholly owned Norwegian subsidiary of the German Siemens concern, has joined the queue of companies bidding for parts of Norway's bankrupt Tandberg electronics group.

Jointly with the State's Industrial Aid Fund, it hopes to form a new company which can continue production of Tandberg's data equipment. Siemens of Germany imports Tandberg's production for use in its own equipment under a Nkr 60m contract concluded last year.

Deliveries have been maintained to date, in spite of Tandberg's bankruptcy, but Siemens is worried at the prospect that they might be discontinued because of the crisis.

Siemens of Norway said the company hoped to start talks with Tandberg's receivers and employees in the data division next week. It envisages taking a 40 per cent stake in the proposed new company which would have a share capital of about Nkr 20m.

The remaining 60 per cent would be held by the Industrial Aid Fund, possibly together with some other Norwegian companies.

Novotel to expand in U.S.

BY OUR FINANCIAL STAFF

A MAJOR investment in the U.S. is planned by Novotel, a French hotels group with interests in some 184 hotels in 23 countries.

The company is to spend \$150m over the next six major U.S. cities. The first will be in Minneapolis with the remainder also based in cities with direct air links with Europe.

In Minneapolis, Novotel has reached an agreement to acquire an interest in the L'Hotel de France.

A review of the taxation system governing branches of foreign banks in France has been promised by the government.

Novotel to expand in U.S.

BY OUR FINANCIAL STAFF

A MAJOR investment in the U.S. is planned by Novotel, a French hotels group with interests in some 184 hotels in 23 countries.

The company is to spend \$150m over the next six major U.S. cities. The first will be in Minneapolis with the remainder also based in cities with direct air links with Europe.

In Minneapolis, Novotel has reached an agreement to acquire an interest in the L'Hotel de France.

A review of the taxation system governing branches of foreign banks in France has been promised by the government.

Under existing regulations, foreign branches do not benefit from French double tax agreements. Bank subsidiaries, however, do benefit.

There are some 98 foreign banks registered in France, and that their total assets at the end of 1977 amounted to Ffr 192.2bn, or 16 per cent of overall French banking assets.

Creusot-Loire, specialty steel and heavy engineering group, intends to lay off between 700-800 workers at its plant at Chateaufort.

Under existing regulations, foreign branches do not benefit from French double tax agreements. Bank subsidiaries, however, do benefit.

There are some 98 foreign banks registered in France, and that their total assets at the end of 1977 amounted to Ffr 192.2bn, or 16 per cent of overall French banking assets.

Creusot-Loire, specialty steel and heavy engineering group, intends to lay off between 700-800 workers at its plant at Chateaufort.

INTERNATIONAL CAPITAL MARKETS

Bayer plans to float \$200m Eurobond

BY OUR EUROMARKETS STAFF

BAYER, the West German chemical company, is preparing to float a \$200m Eurobond with warrants attached.

The secondary market was steady yesterday with no marked change in prices.

Citicorp is again tapping the Australian dollar market with an A\$ 15m five-year bullet issue.

This bond is being arranged by Credit Suisse First Boston, and graph and Telephone, which was cut last Wednesday from 5 1/2 to 5 1/8 per cent.

The secondary market was steady yesterday with no marked change in prices.

Citicorp is again tapping the Australian dollar market with an A\$ 15m five-year bullet issue.

This bond is being arranged by Credit Suisse First Boston, and as with the previous issue in February last year, it is being aimed mainly at Middle East investors.

The coupon is indicated at 11 per cent, 1 per cent higher than last time.

Denmark to raise \$250m medium term loan

BY ROSEMARY BURR AND FRANCIS GHILES

THE Kingdom of Denmark is taking advantage of the current liquidity in the Euromarkets to raise a \$250m loan at extremely fine terms.

The seven-year facility carries a spread of 1 per cent over interbank rates for the first two years and 1 1/2 per cent for the rest.

The European Investment Bank plans to issue LuxFrs 600m worth of bonds through a syndicate of banks led by Banque Generale du Luxembourg.

The first proper Yankee bond for over four months, a \$150m issue for Norway, was priced late on Wednesday night after being increased from an initial \$100m.

The five-year 9 1/2 per cent notes were priced at 99.50 to yield 10.12 per cent on an AIBD basis.

Denmark to raise \$250m medium term loan

BY ROSEMARY BURR AND FRANCIS GHILES

THE Kingdom of Denmark is taking advantage of the current liquidity in the Euromarkets to raise a \$250m loan at extremely fine terms.

The seven-year facility carries a spread of 1 per cent over interbank rates for the first two years and 1 1/2 per cent for the rest.

The European Investment Bank plans to issue LuxFrs 600m worth of bonds through a syndicate of banks led by Banque Generale du Luxembourg.

The first proper Yankee bond for over four months, a \$150m issue for Norway, was priced late on Wednesday night after being increased from an initial \$100m.

The five-year 9 1/2 per cent notes were priced at 99.50 to yield 10.12 per cent on an AIBD basis.

Denmark to raise \$250m medium term loan

BY ROSEMARY BURR AND FRANCIS GHILES

THE Kingdom of Denmark is taking advantage of the current liquidity in the Euromarkets to raise a \$250m loan at extremely fine terms.

The seven-year facility carries a spread of 1 per cent over interbank rates for the first two years and 1 1/2 per cent for the rest.

The European Investment Bank plans to issue LuxFrs 600m worth of bonds through a syndicate of banks led by Banque Generale du Luxembourg.

The first proper Yankee bond for over four months, a \$150m issue for Norway, was priced late on Wednesday night after being increased from an initial \$100m.

The five-year 9 1/2 per cent notes were priced at 99.50 to yield 10.12 per cent on an AIBD basis.

Denmark to raise \$250m medium term loan

BY ROSEMARY BURR AND FRANCIS GHILES

THE Kingdom of Denmark is taking advantage of the current liquidity in the Euromarkets to raise a \$250m loan at extremely fine terms.

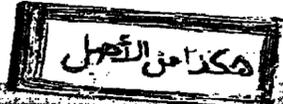
The seven-year facility carries a spread of 1 per cent over interbank rates for the first two years and 1 1/2 per cent for the rest.

The European Investment Bank plans to issue LuxFrs 600m worth of bonds through a syndicate of banks led by Banque Generale du Luxembourg.

The first proper Yankee bond for over four months, a \$150m issue for Norway, was priced late on Wednesday night after being increased from an initial \$100m.

The five-year 9 1/2 per cent notes were priced at 99.50 to yield 10.12 per cent on an AIBD basis.

Advertisement for 'هكزان النجف' (Hexan al-Najaf) with Arabic text and a logo.



# Banque Bruxelles Lambert

Main balance-sheet items at 30 September 1978 (BF billion)

	30.9.1977 (1)	30.9.1978	Change
Balance-sheet total	433.1	526.1	+ 21.5%
Deposits of customers (including medium-term notes)	237.0	273.9	+ 15.6%
Deposits of banks (including subsidiaries and call money)	152.2	200.7	+ 31.9%
Shareholders' equity	10.3	12.5 (2)	+ 21.6%
Loans to private sector	184.9	214.5	+ 16.0%
Loans to Belgian public sector	128.1	140.5	+ 9.7%

(1) Accounts as at 30 September 1977. (2) After distribution of the net profit of the financial year and including the subordinated private loan of BF 15 billion (15 years).

## Continued expansion and improvement of profitability. Net dividend increased and scrip issue.

The financial period, of exceptionally six months, which ended on 30 September 1978, may be resumed as follows:

- continued growth, with customers' and bankers' deposits at the end of September 1978 22.3% higher than a year earlier;
- reinforced role in serving the national economy. Total loans to private and public sectors up BF 42 billion in a year;
- expansion of most activities, particularly in international banking (Euro-bond issues, short-term financing of foreign trade and medium-term financing of capital goods exports, extended presence abroad);
- tightening of the links with the multinational banking groups in which B.B.L. is associated (Abeor, S.F.E. and S.F.O.M.);
- further adaptation of banking services to the specific needs of different categories of customers and simplification of internal operational handling procedures;
- another step forward in the improvement and consolidation of profitability.

Commerce: this item has been transferred to shareholders' equity as "non-taxable reserves".

After deduction of fiscal charges and amounts for depreciation and provisions, the financial period of six months closed with a net profit of BF 431.1 million, an increase of 22.8% compared with half of the net profit for the previous financial period covering twelve months' activity.

The Board of Directors will propose to the Ordinary General Meeting of shareholders, to be held on 8 February 1979, the payment to the 5,300,000 shares of a dividend of BF 40 net of withholding tax, as against BF 36 which was half the net dividend for the previous financial year.

Since in the calendar year 1979 - because of the change now being made to the closing date of the bank's financial year - shareholders will receive a dividend covering only six months' activity, the Board of Directors will propose to an Extraordinary General Meeting, also to be held on 8 February, an exceptional scrip issue of one new share for each forty already held.

Profit before taxes, taxes, depreciation and provisions from April to September 1978 amounted to BF 1,533.7 million. This figure does not take account of the exceptional profit of BF 292.3 million from the sale of the shareholding in the Banque de

The Annual Report is available on request from Bank Brussels Lambert (UK) Ltd, St. Helen's - 1 Undershaft, London EC3P 3EY

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for or purchase any securities.

## Brasilvest S.A.

Sociedade de Investimento D.L. No. 1401 (a Company incorporated with limited liability under the laws of the Federative Republic of Brazil)

### Placing of 307 Depository Shares (Fourth Series) at an issue price of US \$10,500 each

The Depository Shares (Fourth Series) are represented by International Depository Receipts issued by Morgan Guaranty Trust Company of New York, Avenue des Arts 35, 1040 Brussels.

The Shares of Cr\$1 each of the Company issued pursuant to the Placing and the Depository Shares (Fourth Series) relating thereto have been admitted to the Official List by the Council of The Stock Exchange in London. Particulars relating to the Company and the Depository Shares (Fourth Series) are available in the Exel Statistical Service and may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including Friday, 26th January, 1979 from:-

## Credit Suisse First Boston Limited

22 Bishopsgate, London EC2N 4BQ

and the Brokers to the Issue:

- de Zoete & Bevan, 25 Finsbury Circus, London EC2M 7EE and at The Stock Exchange
- Palme Webber Mitchell Hutchins International Inc., 16 Coleman Street, London EC2R 5AH
- Lawrence, Ernst & Co., Basildon House, 7-11 Moorgate, London EC2R 6AH and at The Stock Exchange
- Merrill Lynch International & Co., 96 Avenue d'Éna, 75783 Paris, Cedex 16, France

12th January, 1979

US \$25,000,000 Floating Rate London-Dollar Negotiable Certificates of Deposit due July 14th, 1981

## The Industrial Bank of Japan, Limited

### London

In accordance with the provisions of the Certificates, notice is hereby given that for the six month interest period from January 12th, 1979 to July 12th, 1979 the Certificates will carry an Interest Rate of 12 3/4 per annum. The relevant interest payment date will be July 12th, 1979.

Credit Suisse First Boston Limited Agent Bank

### FOOD PRICE MOVEMENTS

	January 11	Week ago	Month ago
<b>BACON</b>			
Danish A.1 per ton	1,140	1,140	1,140
British A.1 per ton	1,110	1,110	1,110
Irish Special per ton	1,110	1,110	1,110
Ulster A.1 per ton	1,110	1,110	1,110
<b>BUTTER</b>			
NZ per 20 kg	—	13.40/13.53	12.61/12.74
English per cwt	81.65	81.11/81.65	77.30/81.11
Danish salted per cwt	80.88/83.72	80.88/83.49	80.88/83.72
<b>CHEESE</b>			
NZ per tonne	—	1,250	1,225
English cheddar trade per tonne	—	—	—
<b>EGGS*</b>			
Home produced:			
Size 4	3.10/3.40	—	3.20/3.40
Size 2	3.50/4.20	—	4.20/4.40
January 11		Week ago	Month ago
<b>BEEF</b>			
Scottish killed sides	—	—	55.0/59.0
ex-KKCF	—	—	34.0/37.0
Eire forequarters	46.0/48.0	—	—
<b>LAMB</b>			
English	58.0/63.0	56.0/61.0	48.0/52.0
NZ PLS/PKS	—	—	—
PORK (all weights)	35.0/46.0	36.0/48.0	35.0/48.0
<b>POULTRY</b>			
Broiler chickens	36.0/38.0	36.0/38.0	35.0/38.0

\* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. § For delivery January 13-20.

## AGB SERVICES TO MANAGEMENT

### UNAUDITED RESULTS

	6 months to 31 October 1978	6 months to 31 October 1977
Turnover	£600	£600
Profit before tax	8,924.2	4,807.3
Taxation	969.8	532.7
Profit after tax	549.3	304.3
Profit attributable to shareholders	420.5	228.4
Dividends	409.9	221.1
Retained earnings	151.7	70.0
Earnings per share*	258.2	152.1
Earnings per share*	3.78p	2.05p

\* calculated on 10,835,114 shares

Turnover up 86% • Profit before tax up 82% • Earnings per share up 84%

The Chairman, Mr. Bernard Audley, forecasts further satisfactory growth in the second half of the year to 30 April 1979.

An interim dividend of 1.4 p per share (1977-0.825p) will be payable on 31 January 1979.

## AGB Research Limited

76 Sho Lane, London EC4A 3JB (01-353 3172)

Individual Surveys • Specialized Research • Computer Services • Television and Radio Audience Measurement • Industrial Market Research • Book Publishing • Trade and Technical and Consumer Publications • Conference and Seminar Organizers

# CURRENCIES, MONEY and GOLD

## Dollar improves: sterling weak

The dollar and sterling moved rather erratically in the foreign exchange market yesterday, with the U.S. currency closing just below its best levels of the day, while the pound floundered around the middle of its range. News from Washington that there was to be no statement by President Carter on inflation depressed the dollar, and it touched a low point of DM 1.8440 against the D-mark. The announcement that the U.S. is to offer Swiss franc denominated notes gave the currency a lift, however, and it rose to DM 1.8630 before closing at DM 1.8605, compared with DM 1.8465 previously. After falling to SwFr 1.6460 against the Swiss franc, the dollar rose to SwFr 1.6540 and finished at SwFr 1.6575, compared with SwFr 1.6585 on Wednesday. The best level seen in terms of the Japanese yen was Y198.20, before the dollar closed at Y198.00, compared with Y196.50 previously.

The dollar's trade-weighted depreciation, as calculated by Morgan Guaranty of New York, narrowed to 8.5 per cent from 9 per cent, and sterling's index on Bank of England figures, was unchanged at 65.4, after standing at 65.3 at noon, and 65.4 in the morning.

The pound opened at \$2.0070-2.0080, and fell to a low point of \$1.9970 in early trading. This was the first fall below the \$2 level since December 22, and was a general reflection of the concern about the current industrial problems in the UK. Any intervention by the Bank of England was probably on only a small scale, and sterling appeared to recover quite naturally to \$2.0025 by midday. It improved further to \$2.0050 in the afternoon, and closed at \$2.0025, a fall of 85 points on the day.

NEW YORK — The announcement that the U.S. is to float Swiss franc notes from January 17 pushed up the dollar against all major currencies. It rose to SwFr 1.6562 against the Swiss franc, from SwFr 1.6500 shortly before the news.

### THE POUND SPOT FORWARD AGAINST £

Jan. 11	Day's Spread	Close	One month	Three months
U.S. \$	1.878-1.888	1.862-1.872	1.88-0.28c pm	1.98-0.38c pm
Canadian \$	2.272-2.282	2.272-2.277	0.28-0.38c pm	0.38-0.48c pm
Gold	1.83-1.84	1.81-1.82	1.8-1.8c pm	1.8-1.8c pm
Belgian F	33.33-33.7	33.33-33.7	33.33-33.7	33.33-33.7
Danish K	10.56-10.58	10.56-10.58	10.56-10.58	10.56-10.58
D mark	2.09-2.10	2.09-2.10	2.09-2.10	2.09-2.10
Port. Esc.	200-205	200-205	200-205	200-205
Spain, Ptas.	165-170	165-170	165-170	165-170
Lira	1,671-1,677	1,671-1,677	1,671-1,677	1,671-1,677
Nrvgn. K.	10.8-10.11	10.11-10.12	10.11-10.12	10.11-10.12
French F	6.48-6.54	6.48-6.54	6.48-6.54	6.48-6.54
Swedish Kr	1.8-1.82	1.8-1.82	1.8-1.82	1.8-1.82
Yen	198-200	198-200	198-200	198-200
Austrian Sch.	13.5-13.6	13.5-13.6	13.5-13.6	13.5-13.6
Swiss Fr.	2.09-2.10	2.09-2.10	2.09-2.10	2.09-2.10

Belgium rate is for convertible francs. Financial franc 66.25-69.45. Six-month forward dollar 1.72-1.82c. 12-month 3.15-3.05c pm.

### THE DOLLAR SPOT AND FORWARD

Jan. 11	Day's Spread	Close	One month	Three months
Canada \$	84.63-84.58	84.74-84.77	0.07-0.02c pm	0.07-0.10c pm
Nethld.	1.9943-2.0040	2.0020-2.0040	0.3-0.3c pm	0.3-0.3c pm
Belgium	33.33-33.7	33.33-33.7	33.33-33.7	33.33-33.7
W. Ger.	1.8488-1.8570	1.8550-1.8570	1.85-1.85c pm	1.85-1.85c pm
Portugal	200-205	200-205	200-205	200-205
Spain	165-170	165-170	165-170	165-170
Italy	335-340	335-340	335-340	335-340
Norway	5.0350-5.0570	5.0500-5.0570	5.05-5.05c pm	5.05-5.05c pm
France	6.48-6.54	6.48-6.54	6.48-6.54	6.48-6.54
Sweden	1.8-1.82	1.8-1.82	1.8-1.82	1.8-1.82
Japan	198-200	198-200	198-200	198-200
Austria	13.5-13.6	13.5-13.6	13.5-13.6	13.5-13.6
Switz.	1.878-1.888	1.878-1.888	1.878-1.888	1.878-1.888

### CURRENCY RATES CURRENCY MOVEMENTS

January 10	Special Drawing Rights	Unit of Account	January 11	Bank of Morgan England Germany Index changes %
Sterling	1.75218	0.27623	1.75218	63.43 -40.7
U.S. dollar	1.25218	1.25218	1.25218	83.88 -8.8
Canadian dollar	1.25218	1.25218	1.25218	100.00 -0.0
Belgian franc	33.3300	33.3300	33.3300	114.52 +19.2
Danish krone	6.6580	6.6580	6.6580	125.76 +21.4
French franc	6.4800	6.4800	6.4800	150.10 +41.9
German mark	1.8500	1.8500	1.8500	124.76 +20.4
Italian lira	2.0000	2.0000	2.0000	99.78 -5.7
Japanese yen	198.00	198.00	198.00	146.10 +44.1
Norwegian krona	5.0000	5.0000	5.0000	—
Swedish krona	1.8000	1.8000	1.8000	—
Swiss franc	2.0000	2.0000	2.0000	—

### OTHER MARKETS

Jan. 11	£	\$	Note Rates	
Argentina Ptas.	2040-2080	1019-1029	Austria	264.37/1
Australian Dollar	1.7510-1.7580	0.8750-0.8762	Belgium	59-60
Brazil Cruzeiro	41.20-42.20	20.59-21.09	Denmark	10.30-10.30
Canadian Dollar	7.890-7.933	3.95-3.95	France	116.98
Greek Drachma	71.712-72.465	35.84-36.71	Germany	3.67-3.77
Hong Kong Dollar	9.48-9.51	4.7500-4.7500	Italy	1.60-1.710
Indian Rupee	12.15-12.50	0.0000-0.0000	Japan	148.10
Kuwait Dinar	0.543-0.552	0.2709-0.2759	Netherlands	3.97-4.07
Luxembourg Fr.	65.55-66.55	29.87-29.72	Norway	10.05-10.15
Malaysia Ringgit	1.45-1.46	0.2200-0.2200	Sweden	1.45-1.46
New Zealand D.	1.8850-1.8920	0.9423-0.9445	Spain	145-147
Saudi Arab. Riyal	6.60-6.70	3.2994-3.3483	Switzerland	3.50-3.60
Singapore Dollar	0.23-0.24	0.1170-0.1170	United States	20.00-2.01
Sth. African Rand	1.7282-1.7544	0.8657-0.8768	Yugoslavia	40-43

Rates given for Argentina is free rate.

### EXCHANGE CROSS RATES

Jan. 11	£	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.000	2.001	3.725	198.2	6.533	3.358	4.030	1677	1.377	56.60
U.S. Dollar	0.500	1.000	1.862	198.2	4.264	1.678	2.009	857.6	1.888	29.29
Deutsche mark	0.268	0.537	1.000	106.4	2.291	0.901	1.079	480.1	0.558	12.75
Japanese Yen	2.582	5.164	9.395	100.0	21.58	8.458	10.14	428.9	116.9	9.8
French Franc	0.154	0.308	0.268	0.647	1.000	0.359	0.431	196.5	0.785	68.68
Swiss Franc	0.297	0.594	0.530	131.1	2.341	1.000	1.217	499.5	0.709	17.45
Dutch Guilder	0.249	0.498	0.227	98.5	1.235	0.835	1.000	417.0	0.591	14.58
Italian Lira	0.035	0.070	0.032	3.65	0.039	0.038	0.046	100.0	1.418	34.95
Canadian Dollar	0.481	0.962	1.867	198.2	5.290	1.413	1.692	708.4	1.000	24.66
Belgian Franc	1.705	3.410	6.397	376.6	14.56	5.780	6.850	286.1	4.055	100.

### EURO-CURRENCY INTEREST RATES

Jan. 11	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian \$	Japanese Yen
18 short term	11-11 1/2	10-10 1/4	8-8	8-8 1/2	4-4 1/2	2 1/2-3 1/2	6 1/2-6 3/4	6-9	—	4 1/2-5 1/2
7 days notice	11 1/2-11 3/4	10 1/2-10 3/4	8 1/2	8 1/2-8 3/4	4 1/2-4 3/4	2 3/4-3 3/4	7-7 1/2	8-10	—	4 1/2-5 1/2
Month	11 3/4-12	10 3/4-10 3/4	9-9 1/2	8 3/4-9 1/4	4 3/4-5 1/4	3 1/4-3 3/4	8-8 1/4	10-11	—	4 1/2-5 1/2
Three months	11 3/4-12 1/4	10 3/4-10 3/4	9 1/2-10	8 3/4-9 1/4	4 3/4-5 1/4	3 1/4-3 3/4	8 1/4-8 3/4	10-11	—	4 1/2-5 1/2
Six months	12-12 1/4	10 3/4-10 3/4	10 1/4-11	8 3/4-9 1/4	4 3/4-5 1/4	3 1/4-3 3/4	8 3/4-9 1/4	10-11	—	4 1/2-5 1/2
One year	12 1/4-12 1/2	11 1/4-11 1/2	10 1/2-11 1/4	8 3/4-9 1/4	4 3/4-5 1/4	3 1/4-3 3/4	9-9 1/4	10-11	—	4 1/2-5 1/2

# The rise and rise—and gentle sink—of Hyundai

BY ANNE HOPE, recently in South Korea

SITED ON marsh land, with a water table barely two feet below concrete on which heavy machinery is mounted, Hyundai Motor's South Korean plant at Ulsan is slowly sinking. Worst affected is the engine shop, although most of the factory, apart from the press and body shops, is partially under water after rain. Just beyond the plant is Ulsan Bay, and beyond that the Pacific.

Mr. Chung Se Yung, president of Hyundai Motor Company, points out that "before erecting the plant, to assemble the Ford Cortina initially, we were told by foreign advisers to site the factory near the sea so that we could ship cars out easily. We admit that the plant was built on reclaimed land—paddy fields until a few years ago. We hope we will solve the problem by putting down concrete pylons 20 metres deep."

"In time the worst-affected areas will be used as warehouses. We also plan to expand on to higher ground. Within two to three years we will only be producing cars at Ulsan. Commercial vehicles, trucks and buses—the engines for which are supplied mainly by MAN and Perkins—will be made at a new factory not far from Seoul, freeing space for more cars to be built at Ulsan, and allowing us to move from areas which are sometimes flooded."

At Ulsan I watched workers, their feet in water, concentrating on the job in hand—to produce vehicles. Targets apparently are met, or

exceeded. Concrete is being ripped up, and assembly shops rearranged without a break in production. Time and again English-speaking Koreans said proudly: "Construction during production."

After returning to the UK I again met Mr. Chung, who was here on a flying visit, and told him of my own misgivings, and the doubts I had heard both at the plant and at the guest house close by, where service engineers from abroad stay.

The plant is a hotpatch of equipment, ranging from the ultra-modern to the near-obsolete. Attention to working conditions has not received much priority—nothing appears to have been allocated to heat the huge workshops during winter. Mr. Chung said heaters would be going in this month. "We admit we have to pay more attention to the working environment."

The plant was built in the late Sixties, and expanded to start production of Hyundai's first car to its own specifications, the Pony, by December 1975. The Pony is powered by Mitsubishi's Colt engine.

Average pay for workers at Hyundai is US\$200 a month—a fraction of that paid to their counterparts in Japan, Europe or America. Yet they regularly stay at their machines for much longer than any of these—until the day's production target has been reached. However, they also receive free meals, free work clothes, free medicine, free schooling for their children, and other fringe benefits, includ-

ing production bonuses of US\$800 a year. "Within 15 years we hope to reach today's Japanese wage levels," said Mr. Chung.

Before Pony production started, Hyundai Motor had 4,000 workers. Now there are more than 11,000 with an increase to 14,000 planned next year.

Managed by Koreans for Koreans the company now has only one Briton. Plant engineer Mr. Alan Jones, 28, from Bala, North Wales, has completed 18 months of a three-year contract.

"The workers are friendly, willing and flexible," he observes. "The company is relatively young, but the people are doing wonders. Everybody said that a motor plant could not be developed from scratch, but it has happened, thanks to the will of the people and their skill. The threat of war from North Korea makes everyone feel involved and motivated."

Visitors become aware of this threat as soon as they arrive. Air travellers become immune to being searched before flying, but I was subjected to a thorough body check after landing, so strict are the security measures. During the drive to Ulsan after dark, our car's interior lights were switched on at every crossroads so that armed guards could see the occupants. There is a midnight to four am curfew.

The constant urge to meet production targets at all costs, regardless of the rate of wear of key machines, is reminiscent

of some East European car plants.

There are clashes of opinion between service engineers from the UK, Germany and Japan, who demand preventive and routine maintenance, and keen, young university or technical college-trained Korean managers. The visiting engineers want to safeguard the reputations of their products whereas the Koreans tend to work the machinery to maximum capacity at all times.

Clashes are due also not so much to language problems as to the Koreans' pride, bordering on arrogance. Despite their relative lack of practical experience, collectively they are unwilling to admit that they do not understand something for risk of losing face: a group of Koreans may not ask a single question: one on his own may ask many.

The Koreans aim to double car output every year to reach the 2m mark in 1991, of which 800,000 would be for export. By any yardstick, this is an ambitious target. But by 1991 the Government wants the Korean motor industry overall to be making 4.5m vehicles of all types per annum.

Mr. Chung said: "That was the Government estimate in January '78. Since then we've carried out our own survey. We think that Korea will be making more than 5m, possibly 6m, by 1991, and that 55 per cent of the production will be cars."

At present, Korea has only one car to every 300 people. The aim is that there should be one

car to every 30 people by 1985.

Of course, the Koreans have a remarkable growth record: the export of Korean-made goods from textiles to complete power stations has increased at an average annual rate of 42.5 per cent during the past 15 years, and the number of countries to which goods are shipped has gone up from 33 to 133.

Exports of cars have grown as well, from 9,100 in 1977 to 33,000 last year. This year's target is 60,000, with 110,000 planned for 1980 and 160,000 in 1981.

Although Saudi Arabia is Hyundai's best market, the Pony already sells in 46 countries, including Guatemala, Chile, Greece, Egypt and other African and South American countries. "We are spreading all over the developing world," says Mr. Chung, "and our cars will soon be on the roads of Europe, too."

When the Amsterdam motor show opens on February 8 the Pony will already be on sale in Holland and Belgium. For Hyundai has set up a marketing company in Holland, and in Belgium has appointed the Mitsubishi distributor to handle its cars as well.

"We decided on Holland and Belgium as test markets," according to Mr. Chung. "We plan to consolidate existing markets before we start selling in Britain, where we won't be before 1981—at least, we don't think so. Holland and Belgium have no import restrictions. Though small, they are highly motorised. We hope to sell

around 2,000 cars each in Holland and Belgium next year (1979). We want to see how we do before going into Switzerland and then Sweden. The United States? That is some time away."

Hyundai is the leading South Korean car exporter, with 18,000 units last year. The remaining 15,000 is made up of the Brisa, made by Kia under licence from Toyo Kogyo of Japan (where it is sold as the Mazda Familia), and Chevrolet and Opel models assembled by Saehan, part of the Daewoo Corporation and in which General Motors has recently increased its stake.

In Korea the Pony retails at less than \$5,000 with taxes. The "old" smaller engine Brisa is \$4,500 while the latest Brisa costs \$200 more than the Pony.

The Hyundai-assembled Cortinas sold reasonably well until the Brisa gained a hold, but then Hyundai played its trump card by launching the European-looking and Giugiaro-styled Pony, powered by its Mitsubishi engine which is produced under licence.

In Korea, and in certain export markets, Ponies are available not just as saloons but as estate cars and pick-ups. A new, sporty larger engine Pony will be launched next year, again Giugiaro-styled.

Hyundai now has 70 per cent of the national new car market. Gradually, local content of the Pony has been increased and now stands at 95 per cent. Assembly of the Cortina is con-



Hyundai's plant at Ulsan: that sinking feeling

taining and recently assembly of the Granada has started.

There is no enthusiasm among Koreans for their planned expansion rate to be described as "another Japanese-type miracle." For they believe they are taking a different direction. Mr. Chung said: "It will be no miracle, simply hard work. Our economy may generally follow the Japanese pattern, but it is going a slightly different way. We are trying to digest both European and Japanese methods, but only taking the good, discarding the rest. We want high technology from Britain. We also want to export and import. Our government wants us to buy less from Japan. We have been exporting more to Europe and the U.S. than we have imported. Our government recommends that more of our business should now be with the U.S. and Europe to stop trade imbalance."

Still smarting from British politicians' criticisms, that BL, having helped to get Hyundai off the ground by selling it dies, is now being cold-shouldered. Mr. Chung said that Hyundai Motor had bought dies from Japan and Britain. "Two-thirds of our dies for the Pony were from Japan and the remainder from British Leyland," he said. "We gave you people work. We aim to increase our purchases."

The Hyundai Group has been Korea's biggest buyer in Britain for 11 years," said Mr.

Chung. "We are now spending \$20m a year in the UK—more than half of the total purchased by Korea here."

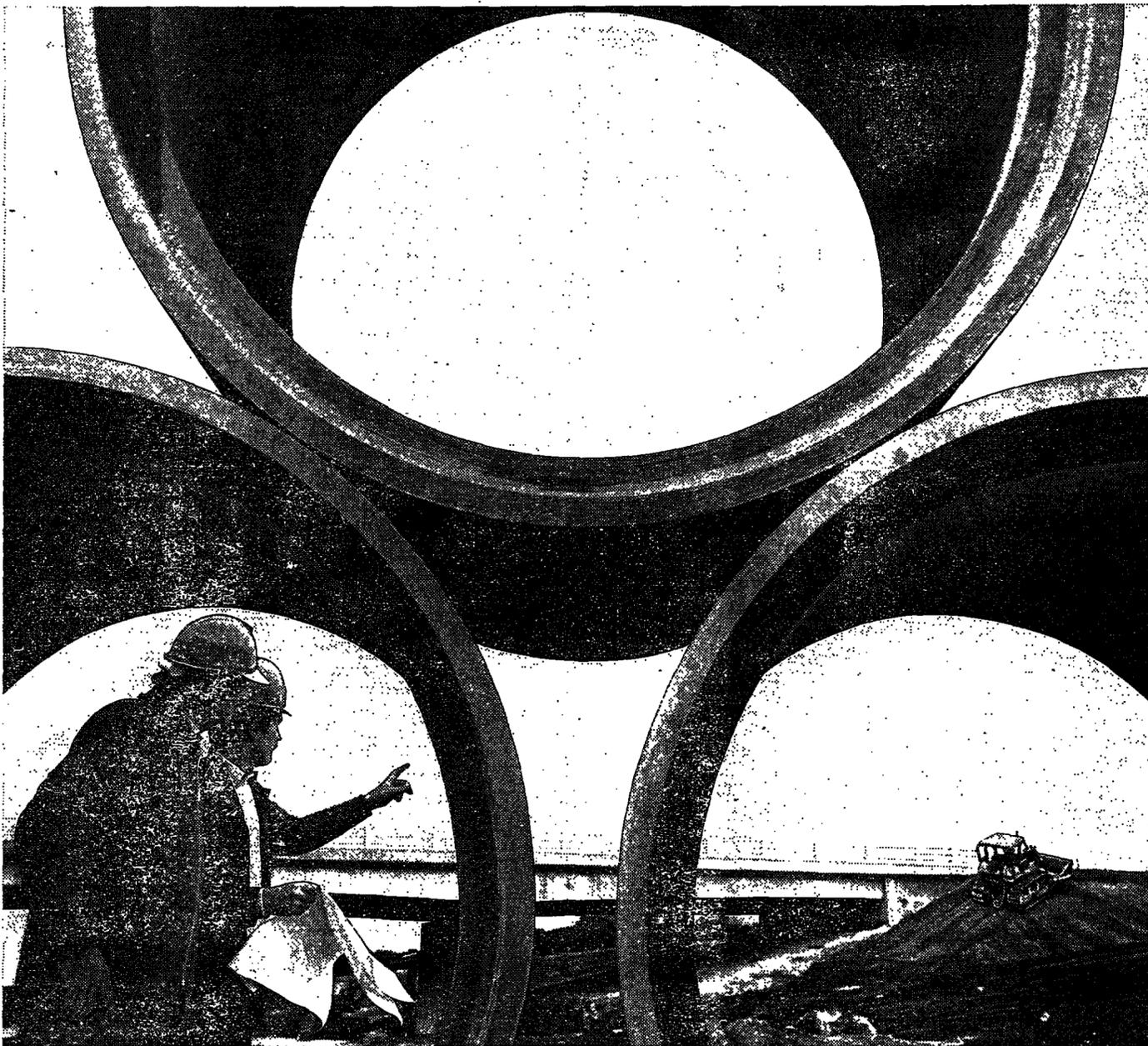
The group started life as one company, Hyundai Construction. Now there are many companies, but the power still rests with the Chung family: brother number one, Mr. Chung Yu Yung, runs the group; number two, Mr. Chung In Yung, runs Hyundai International; brother number three, Mr. Chung Soon Yung, Hyundai Cement; brother number four, Mr. Chun Se Yung, Hyundai Motor; and brother number five, Mr. Chung Sang Yung, a paint company.

Brother number four, Hyundai Motor's president, stresses his belief that the company has a promising future. "In 10 years' time we will be quite sizeable. We are profitable and have been since we began in 1967, starting in a small way to assemble cars and then commercials. This year we are giving a 22 per cent dividend."

He recalls the \$22m loan from banks—including Barclays—to pay for machinery from Britain when Hyundai decided to produce the Pony. "This loan will be repaid as planned in 1984," he said.

Koreans believe they can catch and pass Japan, and cite the textile and shipbuilding industries as examples. Cars, they consider, may take longer—but they still expect to overtake in the end.

# PILKINGTON



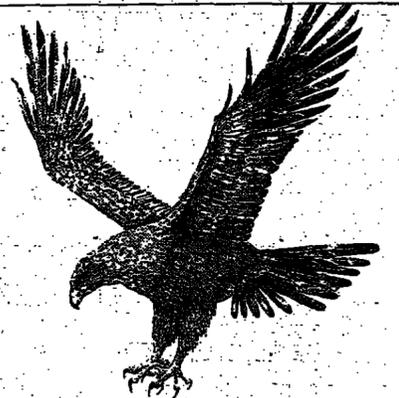
Glass reinforced cement: tough, thin, mouldable. In use in more than 40 countries; available from 600 licensed manufacturers.

Made possible by Pilkington's Cemfil alkali-resistant glass fibre—the first commercially successful glass fibre capable of reinforcing ordinary Portland cement.

And another example of how Pilkington technology earned Britain more than £100m from abroad last year.



How's that for enterprise!



## The Eye of an Eagle

Seeing the opportunities others can't then grasping, before others can act—the sign of a successful businessman. And it's not by accident that our symbol is an Eagle. Find out about the 'Golden' opportunities awaiting you in Knowsley.



Contact Noel Cannon, Planning, Estates & Architectural Services Department, Knowsley Borough Council, Municipal Buildings, Archway Road, Huyton, Liverpool L36 9JX Tel: 051-489 6000

## MIDDLE EAST SURVEYS

The Financial Times intends to publish during the next three months the following Surveys:

QATAR—22 February 1979

KUWAIT—26 February 1979

SYRIA—8 March 1979

MIDDLE EAST OIL—20 March 1979

SAUDI ARABIA—23 April 1979

For further information and advertising rates please contact:

Laurette L. Lecomte-Pescocq  
Financial Times, Bracken House, 10 Cannon Street,  
London EC4 4BY  
Tel 01-248 8000 Extension 515  
Telex: 885033 Fintim G

## FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

The content, publication dates and size of surveys in the Financial Times are subject to change at the discretion of the editor.

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.  
45 Cornhill, London EC3V 3PB. Tel.: 01-623 6314.  
Index Guide as at January 11, 1979

Capital Fixed Interest Portfolio ..... 100.24

Income Fixed Interest Portfolio ..... 100.50

CLIVE INVESTMENTS LIMITED  
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-483 1101.  
Index Guide as at January 9, 1979 (Base 100 on 1A.1.77)

Clive Fixed Interest Capital ..... 128.82

Clive Fixed Interest Income ..... 114.69

مركز من الأبحاث

# APPOINTMENTS

Mustafa Ahmed Kanoo have an impressive growth record in Shipping, Clearing & Forwarding, Insurance, Travel and Manufacturers' Agencies. We employ over 3,000 people in operating companies throughout the Gulf.

## General Manager

### Saudi Arabia

Our Company operates from locations in Jeddah, Riyadh and the Eastern Province, where the appointment is based. The General Manager is responsible to the Board for all our activities and for our associations with other important international organisations. He needs to have a demonstrably determined business approach with the flexibility to adapt to local management style and conditions. The ability to motivate effectively a multi-national staff is important. Relevant experience would include at least five years of general management level in a similar substantial manufacturing rather than production organisation. Responsibilities would have covered branch or divisional operations; significant contract negotiation; contemporary management reporting and control techniques; National academic or professional qualification is desirable and the preferred age range is 35-45.

The appointment is most likely to appeal to someone in a current earning position of around £20,000 in the U.K. The terms of employment are exceptionally attractive and include:

- ★ Free furnished air-conditioned accommodation and services.
- ★ Company car.
- ★ Six weeks annual leave with free air passages for self and family.
- ★ Free medical facilities.
- ★ Valuable capital accumulation fund up to 30% of salary per annum.
- ★ For married staff with children, education allowances up to £1,400 per annum per child.

# Kanoo

For further details about this post, you may ring 01-235 4835. Alternatively write with brief personal and career details to: Recruitment Executive, Kanoo Group Limited, 7 Belvoir Place, London W1Y 5RH. Interviews will be in London.

## Financial Manager

### CAMEROON from £23,600

Guinness Cameroon is a subsidiary of Guinness Overseas Limited. The company is expanding and its consequent need for increasingly sophisticated accounting systems is reflected in this senior appointment of Financial Manager. The range of responsibilities is a wide one, embracing both internal systems management and external financial affairs. The successful applicant will be a member of the Management Committee, advising the Managing Director on all financial aspects of the company's business. He or she will establish and maintain efficient accounting and reporting systems, with a special brief to investigate and recommend on the need for systems development or re-organisation; a knowledge of computer applications would therefore be valuable. The Financial Manager will also be closely involved in all major questions of commercial and pricing policy and will have personal contact with government ministers and senior officials on price

control and banking matters. Fluent French or at least a sound knowledge of the language and a willingness to achieve fluency rapidly - is therefore vital. Applicants should be qualified Accountants with relevant industrial experience at a managerial level. The successful person will be appointed to the permanent staff of Guinness Overseas, and consequently can look forward to excellent career development opportunities with Guinness Overseas in its various theatres of operation. Salary will be not less than the local currency equivalent of £23,600. Fringe benefits are excellent including fully furnished accommodation, a company car, annual home-leave and educational allowances. Please apply with full personal and career details to: Mr. A. R. Lynn, Personnel Services Manager, Guinness Overseas Limited, Park Royal Brewery, London, NW10 7RR.

## GUINNESS OVERSEAS

## Eurobond Executive Merchant Banking

Our client is an established international London-based merchant bank. It is expanding its current Eurobond business and wishes to recruit an experienced entrepreneurial banker. We are particularly looking for the ability to originate business by informed marketing in the field. This appointment would suit a performance-orientated banker, probably in their thirties, who has good existing connections in the international markets and who now wishes to broaden his/her scope in a more aggressive environment. Salary to £20,000 negotiable. Contact in strictest confidence David Clark F.C.A., consultant. Ref: 2/1.

## David Clark Associates

4 New Bridge Street, London E.C.4. 01 353 1867

## ACCOUNTANT BERMUDA

Ref. No. 39083 Major insurance group requires a qualified Chartered Accountant for their Bermuda office. Excellent conditions of service. Age group approximately 27/35 years. SALARY \$19,000 p.a. Please telephone in confidence Trevor James IPS GROUP (Employment Consultants) 01-481 8111

### CAREER OPPORTUNITIES WITH SAVE & PROSPER

Save & Prosper is one of the country's leading financial services organisations - see our advertisement on page 3. If you would like full training for a rewarding career with this growing company, please phone. The Sales Personnel Manager on 01-554 8899

## Chief Executive

A diversified British group which has expanded successfully its interest throughout the UK in the international movement of freight is seeking a Chief Executive to be responsible for the direction of all UK subsidiary companies concerned with international forwarding and ancillary services.

• EMPHASIS will be placed on maintaining profit momentum in changing market conditions through internal growth and future acquisitions.

• SUCCESS in the overall direction and control of international freight operations from a similar role in freight forwarding or in industry is the prime requirement.

• INITIAL REMUNERATION will be around £17,500 plus car. London base.

Write in complete confidence to J.B. Tonkinson as adviser to the group.

## TYZACK & PARTNERS LTD

MANAGEMENT CONSULTANTS  
10 HALLAM STREET LONDON WIN 6DJ  
12 CHARLOTTE SQUARE and EDINBURGH EH2 4DN

## Manager International Budgets & Planning

West London c£9600 plus car

50% of a job can be yours now - We know half of what we want and expect you to give us the other half.

Because you will be assuming a newly created position, we are looking for a top professional who will report to our Director, International Finance & Administration and will be able to create his/her own future.

- We know you will be:-
- ★ Developing Budget and Planning Systems for implementation within European Subsidiary companies
  - ★ Providing training and expertise for such systems to Subsidiary Finance & Administration functions
  - ★ Responsible for establishing long term planning capability in a Multi-National American company Budget & Planning practices

NOW - tell us about yourself by sending your career details, in confidence to:

Alan H. Silva, Personnel Director, Prime Computer (UK) Ltd, The Houslow Centre, 1 Lampton Road, Houslow, Middlesex TW3 1JB

# PRIME

## SCANDINAVIAN BANK LIMITED

### AREA OFFICERS

### FAR EAST/MIDDLE EAST

To promote the Bank's activities in the Far East and Middle East areas we wish to appoint two suitably experienced officers to positions at deputy/assistant manager level to co-ordinate and support the operations of our offices in Hong Kong, Singapore and Bahrain respectively.

The principal responsibilities will include acting for and representing the respective area in London, developing and co-ordinating the approval and processing of credits and providing an informed opinion on events and conditions in the countries/industries of the region. Whilst London based a limited amount of travelling to the areas will be required.

Suitable applicants will have a good all-round experience in banking, including a sound knowledge of credit analysis and risk assessment as well as first-hand experience of the region concerned.

A good salary and other benefits will be paid commensurate with experience. Both positions offer excellent prospects of promotion within the Bank's expanding international business, and will provide the opportunity of overseas assignments.

H. E. Child, M.B.E., Personnel Manager, Scandinavian Bank Ltd., 36, Leadenhall Street, London EC3A 1BH.

## Restless Graduates

You probably graduated some 2 to 4 years ago and have been working as a Trainee Manager in industry or commerce since then. Your initial enthusiasm has now worn thin because you haven't really been given an opportunity to take responsibility and show your paces. Nevertheless, you've had some useful general experience and you still believe that you can make your mark in general management.

We are a medium-sized public company with an interest in media contracting, foreign exchange broking, printing and film studio management. We are expanding our existing businesses and developing new ones, both at home and abroad. We are looking for men and women to join us who can contribute to this growth by taking responsibility for projects and profit centres. The starting salary will depend upon age and experience but will be in the region £4,500 to £6,500. You will be given every opportunity to show that you are worth more.

If you are interested please write in confidence and with full personal and career details to: The Group Personnel Manager Mills & Allen International Limited Broadwick House, 15/17 Broadwick St., London W1

MILLS & ALLEN INTERNATIONAL LIMITED

## Chief Executive

### BUILDING SERVICES

for a group of businesses engaged in manufacturing, selling and contracting. They form a division of the parent company.

• RESPONSIBILITY in this main board appointment is to the group managing director for the profitable development of the division.

• THE REQUIREMENT is for a qualified engineer with a record including successful general management in building services or contracting.

• PREFERRED AGE: 40s. Salary unlikely to be less than £15,000 with a substantial additional bonus scheme.

Write in complete confidence to A. Longland as adviser to the group.

## TYZACK & PARTNERS LTD

MANAGEMENT CONSULTANTS  
10 HALLAM STREET LONDON WIN 6DJ  
12 CHARLOTTE SQUARE and EDINBURGH EH2 4DN

## Investment Management

This is a new post in a large and rapidly growing pension fund of national standing where funds under management already exceed £200m.

• THE ROLE is to assume a major responsibility for the UK equities portfolio, and through membership of a small professional management team to contribute to the development of investment policy.

• DIRECT INVESTMENT EXPERIENCE in a large pension fund or in a closely related field is the prime requirement. A degree or appropriate professional qualification will be an advantage. Preferred age around 30.

• SALARY INDICATOR - £10,000 per annum, but could be more for special skills.

Write in complete confidence to J.B. Tonkinson as adviser to the fund.

## TYZACK & PARTNERS LTD

MANAGEMENT CONSULTANTS  
10 HALLAM STREET LONDON WIN 6DJ  
12 CHARLOTTE SQUARE and EDINBURGH EH2 4DN

## CHIEF ACCOUNTANT

Chief Accountant required by a Group of Private Companies in Essex, engaged in the wholesale and retail meat trade.

This post involves the preparation of monthly management accounts and annual accounts, together with the supervision of all accounting and related administrative functions. The commanding salary envisaged is circa £7,500 p.a. A company car will be provided and there will be participation in the Company Pension Scheme after a probationary period. Please write with full personal details and C.V. to C. H. C. Rumford Chambers, 33, Market Place, Romford, Essex, RM1 3AB, reference P.M.

## COMPANY SECRETARY/ACCOUNTANT

required by rapidly expanding public company, adjacent to London Bridge. Responsibilities will include group accounts. Salary negotiable.

Applications to: K. Gardner, STAXFORD LIMITED, Room 303, Third Floor, Rawplugh House, 147 London Road, Kingston-upon-Thames, Surrey KT2 6NZ.

### LEGAL NOTICES

IN THE MATTER OF EDIE LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948. NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 28th day of February, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned, LEONARD CURTIS, F.C.A., of 3/4 Benjick Street, London, W1A 3BA, and, if so required by notice in writing from the said Liquidator, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved. Dated this 5th day of January, 1979. L. C. CURTIS, F.C.A. Liquidator.

IN THE MATTER OF GLASSHOUSE PAINTINGS LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948. NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 28th day of February, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned, PHILIP MONJACK, F.C.A., of 3/4 Benjick Street, London, W1A 3BA, and, if so required by notice in writing from the said Liquidator, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved. Dated this 5th day of January, 1979. PHILIP MONJACK, F.C.A. Liquidator.

### MEMORIAL SERVICE

HARCOURT Memorial Services of Harcourt, KCMG, OBE, will be held at 12.15 noon on Wednesday, 17th January, 1979, at 12.15 noon on Wednesday, 17th January, 1979, at 12.15 noon on Wednesday, 17th January, 1979, at 12.15 noon on Wednesday, 17th January, 1979.

### IN THE MATTER OF G.T. CARS (NORWICH) LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948.

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 28th day of February, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned, PHILIP MONJACK, F.C.A., of 3/4 Benjick Street, London, W1A 3BA, and, if so required by notice in writing from the said Liquidator, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved. Dated this 29th day of December, 1978. PHILIP MONJACK, F.C.A. Liquidator.

### IN THE MATTER OF H. G. FOWLER & CO. LTD. AND IN THE MATTER OF THE COMPANIES ACT 1948.

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 28th day of February, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned, PHILIP MONJACK, F.C.A., of 3/4 Benjick Street, London, W1A 3BA, and, if so required by notice in writing from the said Liquidator, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved. Dated this 4th day of January, 1979. PHILIP MONJACK, F.C.A. Liquidator.

### MEMORIAL SERVICE

MEMORIAL SERVICE will be held at 12.15 noon on Wednesday, 17th January, 1979, at 12.15 noon on Wednesday, 17th January, 1979, at 12.15 noon on Wednesday, 17th January, 1979, at 12.15 noon on Wednesday, 17th January, 1979.

### COMPANY NOTICE

GREATERMANS STORES LIMITED. NOTICE TO SHAREHOLDERS DIVIDENDS ON PREFERENCE SHARES. NOTICE IS HEREBY GIVEN that the Board of Directors has declared the following dividends payable on the 28th February, 1979, to 5% Preference Shareholders respectively, registered in the books of the Company at the close of business on Friday, 26th January, 1979. A. 5% CUMULATIVE PREFERENCE SHARES - DIVIDEND NO. 88. A dividend at the rate of 5% per annum for the six months ending 28th February, 1979 - equivalent to 5 cents per share. B. 5% CUMULATIVE PREFERENCE SHARES - DIVIDEND NO. 87. A dividend at the rate of 5% per annum for the six months ending 28th February, 1979 - equivalent to 5 cents per share. C. SECOND 5% CUMULATIVE PREFERENCE SHARES - DIVIDEND NO. 86. A dividend at the rate of 5% per annum for the six months ending 28th February, 1979 - equivalent to 5 cents per share. The dividends are declared in South African currency and dividends payable from the London Office will be paid in United Kingdom currency at the rate of exchange ruling between Rand and Sterling on the 16th February, 1979. Dividend cheques despatched from the London Office to persons resident in Great Britain or Northern Ireland will be subject to a deduction of United Kingdom Income Tax at rates to be arrived at after allowing for relief (if any) in respect of South African Tax. The Company will, where applicable, deduct the Non-Resident Shareholder Tax of 15% from dividends payable. For the purpose of paying the above dividends, the Share Registers in respect of the above Preference Shares, will be closed from the 17th January to the 28th February, 1979, both days inclusive. Dividend cheques in payment will be posted on or after the 28th February, 1979. By Order of the Board, I. B. MEHL, Secretary. Registered and Transfer Office: 220, Commissioner Street, Johannesburg. London Transfer Office: Grubby Registration Services, Grubby House, 65, South Street, London SE1 0JA.

### MEMORIAL SERVICE

MEMORIAL SERVICE will be held at 12.15 noon on Wednesday, 17th January, 1979, at 12.15 noon on Wednesday, 17th January, 1979, at 12.15 noon on Wednesday, 17th January, 1979, at 12.15 noon on Wednesday, 17th January, 1979.

WORLD STOCK MARKETS

Companies and Markets

Early Wall St losses on inflation news

INVESTMENT DOLLAR PREMIUM... Effective \$2.0010 42 1/2% (41 1/2%)... Closing prices and market reports were not available for this edition.

The Stock Market often pulls back on Thursdays ahead of Weekly Banking Statistics... Kaiser Aluminum eased \$4 to \$181, despite reporting higher fourth quarter profits.

ITT firmed \$4 to \$30—it will report about a 15 per cent rise in 1978 profits... Active Brascan "A" eased \$4 to \$163—suits were filed against the sale of its electric utility to Brazil.

well completed in the Wayne-Rosedale Field in Alberta... A halt in Consumers Distributing trading continued (which last traded at \$164).

Y12 to 736 and Pioneer Y30 to 2050... Dutch and German shares edged lower while, among French stocks, Machines Bull rose on heavy demand.

Lower as the market was negatively influenced by the outburst of political violence in Rome and by uncertainties about the domestic political situation... Sales, although light, caused widespread losses as they were unmatched by any demand.

further 15 cents to \$85.05... Declines led gains by a seven-to-one vote majority, while the trading volume further decreased to 681,000 shares to 15,444 on Wednesday.

On a three-to-two stock split and raised dividend... Bausch and Lomb gained \$3 to \$394—it announced enhanced payments to its soft contact lens lines.

Losses among Paper issues and a negative lead from New York pushed Canadian share prices lower in active midday trading... The Toronto composite index further declined 4.1 to 1341.5.

Prices rose in active trading, with a volume 460m shares... Blue Chips and Populists led the market on buying by Institutional investors and major investment trusts.

Public Authority Bonds showed gains of up to 20 pennings to losses of up to 30 pennings... The Bundestag buying a nominal DM 1m of stock.

Swire Pacific "A" moved up 30 cents to HK\$35.50 and Hong Kong Land 20 cents to HK\$7.50... Hong Kong Wharf put on 30 cents to HK\$7.50.

NEW YORK Stock market listing table with columns for Stock, Jan 11, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1.

NEW YORK Stock market listing table with columns for Stock, Jan 11, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1.

NEW YORK Stock market listing table with columns for Stock, Jan 11, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1.

NEW YORK Stock market listing table with columns for Stock, Jan 11, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1.

NEW YORK Stock market listing table with columns for Stock, Jan 11, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1.

NEW YORK Stock market listing table with columns for Stock, Jan 11, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1.

Indices

NEW YORK - DOW JONES table showing indices for Jan 11, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1.

STANDARD AND POORS table showing indices for Jan 11, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1.

MONTEAL table showing indices for Jan 11, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1.

WEDNESDAY'S ACTIVE STOCKS table listing various stocks and their price changes.

NEW YORK Stock market listing table with columns for Stock, Jan 11, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1.

NEW YORK Stock market listing table with columns for Stock, Jan 11, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1.

NEW YORK Stock market listing table with columns for Stock, Jan 11, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1.

NEW YORK Stock market listing table with columns for Stock, Jan 11, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1.

NEW YORK Stock market listing table with columns for Stock, Jan 11, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1.

NEW YORK Stock market listing table with columns for Stock, Jan 11, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1.

AUSTRALIA table showing indices for Jan 11, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1.

OSLO table showing indices for Jan 11, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1.

JOHANNESBURG table showing indices for Jan 11, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1.

PARIS table showing indices for Jan 11, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1.

STOCKHOLM table showing indices for Jan 11, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1.

EUROPEAN OPTIONS EXCHANGE table listing various options contracts and their prices.

BASE LENDING RATES table listing various banks and their lending rates.

GERMANY table showing indices for Jan 11, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1.

TOKYO table showing indices for Jan 11, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1.

AMSTERDAM table showing indices for Jan 11, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1.

COPENHAGEN table showing indices for Jan 11, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1.

VIENNA table showing indices for Jan 11, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1.

MILAN table showing indices for Jan 11, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1.

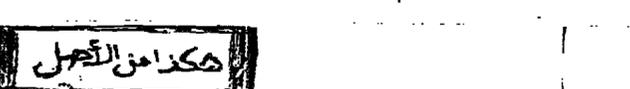
BRUSSELS/LUXEMBOURG table showing indices for Jan 11, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1.

SWITZERLAND table showing indices for Jan 11, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1.

MILAN table showing indices for Jan 11, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1.

VIENNA table showing indices for Jan 11, Jan 9, Jan 8, Jan 7, Jan 6, Jan 5, Jan 4, Jan 3, Jan 2, Jan 1.

SECURITIES RISK US\$64 table listing various securities and their risk levels.





Coffee sales earn Brazil \$2.3bn

COFFEE REMAINED Brazil's most important export commodity last year with earnings totalling \$2.3bn.

U.S. futures trading hits record level

NEW YORK—Trading volume on U.S. commodity exchanges in 1978 rose 36.3 per cent to a record 59,462,172 lots.

World banana pact 'possible' this year

MANILA—An international agreement may be reached this year to stabilise prices and production of bananas.

Jenkins' aide urges EEC farm price standstill

THE PROPOSED "freeze" on European Community farm prices for the coming season would effectively mean a 7.5 per cent reduction in real prices.

World meat council formed

AN INTERNATIONAL meat council to monitor the world beef market is to be set up under an agreement which is now in the final stages of completion.

Cash lead reaches new peak

THE CASH price of lead reached a new all-time peak on the London Metal Exchange yesterday.

Gloomy outlook for Thai kenaf market

BANGKOK—Thailand's kenaf production will rise to 320,000 tonnes in the 1978/79 season from 240,000 last season.

Scraping a living on the hillsides

THE SNOW, which paralysed most of Britain, did not reach the Ardnamurchan peninsula in North West Scotland until New Year's Day.

BRITISH COMMODITY MARKETS

Table with columns for Commodity, Unit, and Price. Includes sections for BASE METALS, COPPER, and ZINC.

COCOA

Table showing cocoa prices for various grades and origins, including West African and Latin American.

PRICE CHANGES

Table listing price changes for various commodities such as metals, oil, and sugar.

SOYABEAN MEAL

Table showing soyabean meal prices for different grades and origins.

AMERICAN MARKETS

Table listing market prices for various commodities in the US, including copper, soybeans, and sugar.

L.G. Index Limited 01-381 3446

Advertisement for Gold Silver Platinum, featuring various jewelry and investment options.

Advertisement for COMPANY NOTICES, providing information on various financial and legal matters.

BOND DRAWING

Advertisement for bond drawing, detailing the process and terms of the draw.

BANQUE INTERNATIONALE

Advertisement for Banque Internationale, offering various financial services.

COFFEE

Table showing coffee prices for various grades and origins.

GRAINS

Table listing grain prices for wheat, barley, and other cereals.

WHEAT

Table showing wheat prices for different grades and origins.

BARLEY

Table showing barley prices for various grades.

SUGAR

Table listing sugar prices for different grades and origins.

Wool Futures

Table showing wool futures prices for various grades.

EUROPEAN MARKETS

Table listing market prices for various commodities in Europe.

INDICES

Table showing various financial indices and their values.

Advertisement for THE DEVELOPMENT BANK OF SINGAPORE LTD., offering financial services.

Advertisement for LMS-Turnover 274 (308) lots, providing details on the transaction.

Advertisement for RUBBER, listing prices and market information.

Advertisement for MEAT/VEGETABLES, listing prices for various products.

Advertisement for Israel to grow liquorice and Colombia to join world cotton body.

LONDON STOCK EXCHANGE

Leaders restrained awaiting developments in labour situation—30-share index eases 1.1 to 477.5

Account Dealing Dates
Option
\*First Declared Last Account Dealing...

The Traded Option market again experienced extremely quiet conditions and only 137 contracts were completed...

but Decca remained on offer and eased 5 further to 420p. Ferranti also cheapened 5, to 330p.

group with various institutions at around 415p per share thus raising £33.5m. ICL immediately withdrew on the statement and closed 17 down on the day at 433p...

up a few pence, while dollar premium influences left Royal Dutch higher at 544p.

turn in base-metal prices on the London Metal Exchange. Base-metal producers led the market upwards with Bonga...

Evidence of the availability of investment funds when suitable opportunities are presented with in less than an hour. Plessey's entire holding of around 8.1m shares in ICL with institutions...

But investors generally again elected to stay on the sidelines and features otherwise in stock markets were again largely confined to second-line equities.

The equity leaders moved on the sorely troubled labour front, but the market's continued reluctance to go lower despite the looming possibility of widespread lay-offs in industry was seen in the reduction of the 3.2 fall in the FT 30-share index at 11 am to only 1.1 at the close of 477.5.

Overall, however, falls in the FT-quoted industrials outnumbered rises, by 3-to-2, for the first time in eight trading sessions, and only a few of the 46 FT-Actuaries indices ended with quotable gains with the three main indices displaying minor losses.

Still reflecting fears about the labour situation and disappointment with the Government borrowing requirement figures, British Funds gave further ground yesterday. Short-dated issues fluctuated fairly narrowly before ending with fresh losses of 1, while later, maturities closed with falls to 1. Once again, offerings were light, but buyers continued to show a marked reluctance pending developments in the train and road haulage drivers' disputes.

Sterling's renewed weakness prompted firmer conditions in the investment currency market where institutional demand helped the premium advance 1 1/2 further to 85 1/2 per cent. Yesterday's SE conversion factor was 0.7055 (0.7052).

FNFC dip and rally
Easier at 61p in front of the results, FNFC rallied on the strong profits recovery to close unchanged at 7p; the 91 per cent convertible loan 1982 performed similarly and finished unaltered at 55p, after 57p, while the 93 per cent unsecured 1992-97 rallied 2 points to 45 1/2.

Leading Building issues finished easier for choice on occasional small selling and buyers' reluctance. Elsewhere, hopes of an increased offer from Norcross, a penny better at 59p, stimulated increased interest in Johnson-Richards Tiles which formed 4 to 138p. Derek Crouch found support at 118p, up 3 and, in a thin market, Newarthill added 1 to 185p. The lower annual profits left Beta Brothers a penny cheaper at 57p.

Following the previous day's fall of 4 on the company's warning about the effects of a prolonged road haulage dispute, Press comment prompted early interest in ICI which traded between extremes of 363p and 360p before settling at the overnight level of 362p. Following lower annual profits in line with market expectations, Hickson and Welch put on 6 to 201p.

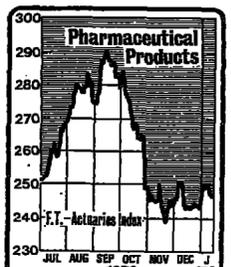
Raybeck easier
Registering slight disappointment with the first-half profits, Raybeck softened 2 1/2 to 82 1/2p. Elsewhere in stores, Henderson-Kenton relinquished a penny to 86p despite the sharply higher interim earnings, while Time Products came on offer at 19 1/2p, down 6. Foster Brothers Clothing, still reflecting its acquisition of Millets of Bristol, added 5 more to 181p for a rise on the week so far of 15. Lee Cooper added 5 to 172p on demand in a thin market and E. Upton A rose 3 to 42p for a similar reason.

Apart from a rise in Eartherm of 7 to 208p, after 210p, in response to comment on the preliminary results, little of interest occurred in the Electrical sector. GEC drifted lower to 323p, unaltered on the day. Muirhead, a particularly good market of late, hardened 2 more to 227p.

Early offerings left J. Sainsbury 6 cheaper at 227p and Associated Dairies 4 down at 198p. Rowntree Mackintosh shed 10 to 393p and British Sugar, following the chairman's remarks about the implications of a prolonged road haulage dispute, eased 3 to 186p. J. Bibby gave up 4 to 285p, but Bishop's Stores attracted fresh speculative interest with the Ordinary putting on 8 to 150p and the A 3 to 85p.

In the recently firm Hotels and Caterers sector, Trust Houses Forte encountered light selling and eased 5 to 262p.

ICL stake sold
Early interest in the miscellaneous Industrial sector centred around ICL following the revelation that Plessey had sold its 24.4 per cent (8.1m shares) shareholding in the



Williams and James, up 10 more at 134p, and Startry, 7 higher at 144p. Recovery hopes prompted a gain of 3 1/2 to 381p in Westland, while Midland Industries responded to the annual results with a gain of 2 to 44 1/2p. Buying interest was shown in Victor Products which gained 6 to 130p, but Astra Industrial reacted 2 more to 26 1/2p despite the increased interim dividend and profits. Baker Perkins met speculative demand at 146p, up 4.

Certain Properties succumbed to small selling following the recent steady to firm trend. Great Portland Estates came on offer and shed 8 to 222p, while Stock Conversion eased 4 to 294p and British Land 1 1/2 to 40p. By way of contrast, Avenue Close formed 2 to 38p in response to the higher interim profits and the chairman's confident statement, while Westminster and Country attracted buyers at 30p, up 1 1/2.

Oil steady
Despite a continuing paucity of business, leading Oils held steady to firm. British Petroleum, 906p, and Shell, 956p, both edged

up a few pence, while dollar premium influences left Royal Dutch higher at 544p. Elsewhere, Gas and Oil Acreage featured late at 125p, up 14, on news that the company has completed an agreement to sell its Italian interests for £3m, subject to the consent of the Italian Government. Scattered buying interest was again shown in British Borneo, up 4 at 170p.

Textiles remained idle and interest centred on those reporting trading statements. The-Textiles pleated improved interim profits and optimism over the second-half, and rose 3 to 61p. Stroud Riley also reported an upturn in mid-term profits, but held steady at 30p. Withdrawal of recent speculative support clipped 4 from Sirdar at 85p.

Plantations edged forward in brisk early dealing, but interest lapsed during the afternoon. Castlefield (Klang) rose 5 to 255p, while Sungai Krian, 90p, and Muar River, 67p, both put on 2. Guthrie gained 5 to 435p and bidders Sime Darby also moved ahead, rising 6 to 110p.

Australian gains
Australian issues held pride of place in mining markets as a strong performance in overnight Sydney and Melbourne markets followed the recent up-

turn in base-metal prices on the London Metal Exchange. Base-metal producers led the market upwards with Bonga...

South African issues remained idle. A notable exception, however, was provided by Vegela, the Gold Fields group base-metal investment concern which jumped 11 to 68p following positive Johannesburg buying. Anglo American Corporation rose 6 to 306p and Sentrust the same amount to 174p.

Elsewhere, end-Account selling depressed Westfield Minerals, which fell 20 to 240p. Yukon Consolidated, however, which is currently being bid for by Canada's Teck Corporation, added another 10 to a 1978-9 high of 190p, reflecting the strength of the former's shares.

ACTIVE STOCKS
Table listing various stocks with columns for Stock, Denomination, Closing Price, Change, 1978-79 high, and 1978-79 low.

FINANCIAL TIMES STOCK INDICES
Table showing various stock indices (Government Secs, Fixed Interest, Industrial, Gold Mines, etc.) with columns for Jan '79, Jan '78, Jan '77, Jan '76, Jan '75, and a Year ago column.

NEW HIGHS AND LOWS FOR 1978/9
Table listing new highs and lows for various securities in 1978/9, including British Petroleum, Shell, and others.

RISES AND FALLS YESTERDAY
Table showing the daily price movements of various stock indices and sectors, including British Funds, Foreign Bonds, and Industrials.

OPTIONS
Table listing options for various stocks, including columns for Stock, Denomination, Closing Price, Change, 1978-79 high, and 1978-79 low.

Advertisement for GMC (Greater Manchester Council) featuring an illustration of a hand holding a bow and arrow. Text: 'More strings to your bow in Greater Manchester'. GMC offers a helping hand to industry with information on the availability of land and buildings, with help in claiming government grants and other assistance.

LONDON TRADED OPTIONS
Table showing options for various stocks (BP, GEC, ICI, etc.) with columns for Option, Expiry, Closing Price, Vol., and Equity Close.

RECENT ISSUES
Table listing recent issues of various stocks, including columns for Issue Price, Amount, and Stock.

FIXED INTEREST STOCKS
Table listing fixed interest stocks with columns for Issue Price, Amount, and Stock.

"RIGHTS" OFFERS
Table listing rights offers for various stocks, including columns for Issue Price, Amount, and Stock.

FT-ACTUARIES SHARE INDICES
These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

Table showing FT-Actuaries Share Indices for various equity groups and sub-sections, including columns for Index No., Day's Change, and Index Value.

FIXED INTEREST PRICE INDICES
Table showing fixed interest price indices for various government and corporate securities.

Advertisement for Multiple Sclerosis research. Text: 'INVEST IN 50,000 BETTER TOMORROWS! 50,000 people in the United Kingdom suffer from progressively paralyzing MULTIPLE SCLEROSIS—the cause and cure of which are still unknown—HELP US BRING THEM RELIEF AND HOPE. We need your donation to enable us to continue our work for the CARE and WELFARE of MULTIPLE SCLEROSIS sufferers and to continue our commitment to find the cause and cure of MULTIPLE SCLEROSIS through MEDICAL RESEARCH.'

Advertisement for Bottle venture by Metal Box and Ulster coal hunt fails. Text: 'Bottle venture by Metal Box: THE BOTTLE division of Metal Box Packaging is to start making polyethylene terephthalate bottles for carbonated soft drinks this year. Ulster coal hunt fails: A GOVERNMENT sponsored search for coal reserves in Ulster has failed to find sufficient quantities for commercial exploitation.'

Table showing FT-Actuaries Share Indices for various equity groups and sub-sections, including columns for Index No., Day's Change, and Index Value.

Arabic text: 'مركز من الأعمال' (Business Center)

AUTHORISED UNIT TRUSTS



OFFSHORE AND OVERSEAS FUNDS

Vertical text on the left margin: 'NEW LOWS IN... YESTERDAY...'

Table of financial data for various unit trusts, including columns for fund names, managers, and performance metrics.

Table of financial data for various unit trusts, including columns for fund names, managers, and performance metrics.

Table of financial data for various unit trusts, including columns for fund names, managers, and performance metrics.

Table of financial data for various unit trusts, including columns for fund names, managers, and performance metrics.

INSURANCE AND PROPERTY BONDS

Table of financial data for insurance and property bonds, including columns for company names, policies, and rates.

Table of financial data for insurance and property bonds, including columns for company names, policies, and rates.

Table of financial data for insurance and property bonds, including columns for company names, policies, and rates.

CORAL INDEX: Close 475-480

INSURANCE BASE RATES

Table showing insurance base rates for various categories like Property Growth and Credit & Commerce Insurance.

NOTES section with additional financial information and disclaimers.

PANTHEON SECURITIES LIMITED
A branch of the concept of a financial institution...

FT SHARE INFORMATION SERVICE

FOOD, GROCERIES—Cont.

BRITISH FUNDS

Table of British Funds with columns for Name, Stock, Price, Div. Yield, and 5-year performance.

BONDS & RAILS—Cont.

Table of Bonds & Rails with columns for Name, Stock, Price, Div. Yield, and 5-year performance.

BANKS & HP—Continued

Table of Banks & HP with columns for Name, Stock, Price, Div. Yield, and 5-year performance.

CHEMICALS, PLASTICS—Cont.

Table of Chemicals, Plastics with columns for Name, Stock, Price, Div. Yield, and 5-year performance.

ENGINEERING—Continued

Table of Engineering with columns for Name, Stock, Price, Div. Yield, and 5-year performance.

AMERICANS

Table of American Stocks with columns for Name, Stock, Price, Div. Yield, and 5-year performance.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits with columns for Name, Stock, Price, Div. Yield, and 5-year performance.

DRAPERY AND STORES

Table of Drapery and Stores with columns for Name, Stock, Price, Div. Yield, and 5-year performance.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads with columns for Name, Stock, Price, Div. Yield, and 5-year performance.

CANADIANS

Table of Canadian Stocks with columns for Name, Stock, Price, Div. Yield, and 5-year performance.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase with columns for Name, Stock, Price, Div. Yield, and 5-year performance.

ELECTRICAL AND RADIO

Table of Electrical and Radio with columns for Name, Stock, Price, Div. Yield, and 5-year performance.

INTERNATIONAL BANK

Table of International Bank with columns for Name, Stock, Price, Div. Yield, and 5-year performance.

CORPORATION LOANS

Table of Corporation Loans with columns for Name, Stock, Price, Div. Yield, and 5-year performance.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for Name, Stock, Price, Div. Yield, and 5-year performance.

FINANCIAL TIMES

Head Office: Bracken House, 10, Cannon Street, London EC4A 3BY
Tel: Editorial 886341/2, 883997. Advertisements: 885033. Telegrams: Finantime, London.

EDITORIAL OFFICES

Amsterdam: P.O. Box 1295, Amsterdam-C.
Tel: 12171 Tel: 240 555
Birmingham: George House, George Road,
Tel: 338650 Tel: 021-454 0922

FINANCIAL TIMES

Head Office: Bracken House, 10, Cannon Street, London EC4A 3BY
Tel: Editorial 886341/2, 883997. Advertisements: 885033. Telegrams: Finantime, London.

EDITORIAL OFFICES

Manchester: Queen's House, Queen Street,
Tel: 666813 Tel: 061-834 9381
New York: 75 Rockefeller Plaza, N.Y. 10019,
Tel: 66390 Tel: (212) 541 4625

FINANCIAL TIMES

Head Office: Bracken House, 10, Cannon Street, London EC4A 3BY
Tel: Editorial 886341/2, 883997. Advertisements: 885033. Telegrams: Finantime, London.

EDITORIAL OFFICES

Amsterdam: P.O. Box 1295, Amsterdam-C.
Tel: 12171 Tel: 240 555
Birmingham: George House, George Road,
Tel: 338650 Tel: 021-454 0922

HOTELS AND CATERERS

Table of Hotels and Caterers with columns for Name, Stock, Price, Div. Yield, and 5-year performance.

INDUSTRIALS (Miscel)

Table of Industrials (Miscel) with columns for Name, Stock, Price, Div. Yield, and 5-year performance.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, Etc. with columns for Name, Stock, Price, Div. Yield, and 5-year performance.

EDITORIAL OFFICES

Amsterdam: P.O. Box 1295, Amsterdam-C.
Tel: 12171 Tel: 240 555
Birmingham: George House, George Road,
Tel: 338650 Tel: 021-454 0922

EDITORIAL OFFICES

Manchester: Queen's House, Queen Street,
Tel: 666813 Tel: 061-834 9381
New York: 75 Rockefeller Plaza, N.Y. 10019,
Tel: 66390 Tel: (212) 541 4625

EDITORIAL OFFICES

Manchester: Queen's House, Queen Street,
Tel: 666813 Tel: 061-834 9381
New York: 75 Rockefeller Plaza, N.Y. 10019,
Tel: 66390 Tel: (212) 541 4625

EDITORIAL OFFICES

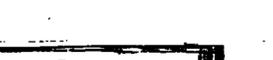
Manchester: Queen's House, Queen Street,
Tel: 666813 Tel: 061-834 9381
New York: 75 Rockefeller Plaza, N.Y. 10019,
Tel: 66390 Tel: (212) 541 4625

EDITORIAL OFFICES

Manchester: Queen's House, Queen Street,
Tel: 666813 Tel: 061-834 9381
New York: 75 Rockefeller Plaza, N.Y. 10019,
Tel: 66390 Tel: (212) 541 4625

EDITORIAL OFFICES

Manchester: Queen's House, Queen Street,
Tel: 666813 Tel: 061-834 9381
New York: 75 Rockefeller Plaza, N.Y. 10019,
Tel: 66390 Tel: (212) 541 4625



INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

FINANCE, LAND—Continued

DAIWA BANK
a fully integrated banking service
Head Office: Osaka, Japan

MINES—Continued

AUSTRALIAN

Table of Australian Mines with columns for Stock, Price, and % Change.

TINS

Table of Tins with columns for Stock, Price, and % Change.

COPPER

Table of Copper with columns for Stock, Price, and % Change.

MISCELLANEOUS

Table of Miscellaneous with columns for Stock, Price, and % Change.

GOLDS EX-EX-PRIME

Table of Golds Ex-Ex-Prime with columns for Stock, Price, and % Change.

NOTES

Under statements indicated, prices and net dividends are in pence and dividends are in pence per share. Prices are calculated on the basis of the latest available information. Dividends are in pence per share.

REGIONAL MARKETS

Table of Regional Markets with columns for Stock, Price, and % Change.

OPTIONS

3-month Call Rates

Table of 3-month Call Rates with columns for Stock, Price, and % Change.

Main table of Industrials with columns for Stock, Price, and % Change.

Main table of Insurance with columns for Stock, Price, and % Change.

Main table of Property with columns for Stock, Price, and % Change.

Main table of Investment Trusts with columns for Stock, Price, and % Change.

Main table of Finance, Land with columns for Stock, Price, and % Change.

LEISURE

Table of Leisure with columns for Stock, Price, and % Change.

MOTORS, AIRCRAFT TRADES

Table of Motors, Aircraft Trades with columns for Stock, Price, and % Change.

Commercial Vehicles

Table of Commercial Vehicles with columns for Stock, Price, and % Change.

Components

Table of Components with columns for Stock, Price, and % Change.

Garages and Distributors

Table of Garages and Distributors with columns for Stock, Price, and % Change.

NEWSPAPERS, PUBLISHERS

Table of Newspapers, Publishers with columns for Stock, Price, and % Change.

PAPER, PRINTING

Table of Paper, Printing with columns for Stock, Price, and % Change.

ADVERTISING

Table of Advertising with columns for Stock, Price, and % Change.

PROPERTY

Table of Property with columns for Stock, Price, and % Change.

INSURANCE

Table of Insurance with columns for Stock, Price, and % Change.

SHIPBUILDERS, REPAIRERS

Table of Shipbuilders, Repairers with columns for Stock, Price, and % Change.

SHIPPING

Table of Shipping with columns for Stock, Price, and % Change.

SHOES AND LEATHER

Table of Shoes and Leather with columns for Stock, Price, and % Change.

SOUTH AFRICANS

Table of South Africans with columns for Stock, Price, and % Change.

TEXTILES

Table of Textiles with columns for Stock, Price, and % Change.

TOBACCOS

Table of Tobaccos with columns for Stock, Price, and % Change.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, Land with columns for Stock, Price, and % Change.

Finance, Land, etc.

Table of Finance, Land, etc. with columns for Stock, Price, and % Change.

FINANCE

Table of Finance with columns for Stock, Price, and % Change.

DIAMOND AND PLATINUM

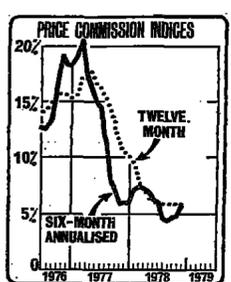
Table of Diamond and Platinum with columns for Stock, Price, and % Change.

CENTRAL AFRICAN

Table of Central African with columns for Stock, Price, and % Change.



THE COMPLETE CONSTRUCTION SERVICE FOR INDUSTRY Great people to build with Henry Boot Henry Boot Construction Limited London 01-373 8494 Sheffield 0245 41011



Prices index climbs

By David Churchill, Consumer Affairs Correspondent The Price Commission index, which reflects price rises notified during the past six months expressed as an annual rate, increased in December to 5.7 per cent. The corresponding revised figure for November was 4.9 per cent.

The increase is the sharpest since the beginning of last year although Mr. Charles Williams, Commission chairman, said last night that it was too early to determine if the rise was more than the seasonal upturn recorded at the same time last year.

But Mr. Williams warned that the effects of the oil price rise and recent large wage settlements had not yet filtered through to the Commission in the form of notified price rises. "I would expect the level of increases notified to us over the next few months to be crucially dependent on these two factors," he added.

The Commission's index is regarded as an important pointer to future price trends, since manufacturers' increases notified to the Commission usually take between two and three months to work through to retail prices.

Although the six-month change in the index, expressed as an annual rate, still gives a more up-to-date picture of the current rate of price notifications, the Commission has for the first time decided to publish an index of the annual rate of price rises notified.

For December, the 12-month index stood at 5.9 per cent, the same figure as for the previous five months. The Commission suggests that, especially since the summer of 1977, the six-month index has tended to reflect greater seasonal variation. Since the Commission claims that any companies now notify price increases on an annual basis, the 12-month index may give a more fair picture since it takes greater account of seasonal fluctuations. The Commission says it will continue to publish both a six-month and 12-month index for the time being.

Lorry strike

necessarily slaughtered. When facing a crisis in negotiations it was the responsibility of every trade unionist to measure a sense of grievance against all the circumstances and effects on people. Causing undesirable hardships for other sections of society was not what the trade union movement was about. Mr. Boyd suggested that the 15 per cent offer to the lorry drivers were reasonable in all the circumstances, including the Government's need to control inflation.

Healey

series to discuss wider economic questions including inflation, import penetrations and public spending. Meanwhile, the Tory leadership kept up its pressure for more decisive Government action and announced that the Shadow Cabinet will force an emergency debate in the Commons on Tuesday, the day after Parliament returns. Both Mr. Callaghan and Mrs. Thatcher are expected to take part. There is also likely to be a statement on the industrial situation in the Commons on Monday, but this may be made by Mr. Merlyn Rees, Home Secretary, or another senior Minister, rather than by Mr. Callaghan.

U.S. BACKS SHAH'S HOLIDAY DECISION Iran coup fears subside

BY DAVID BUCHAN IN WASHINGTON AND ANDREW WHITLEY IN TEHRAN

THE U.S. Government expects the Shah of Iran to leave his country shortly, amid indications that the Carter Administration no longer fears a military coup against Iran's new civilian government in the Shah's absence—in spite of continued widespread violence.

Mr. Cyrus Vance, the U.S. Secretary of State, said yesterday that he expected the Shah to name a regency council "in the next few days," after which he would leave the country for a holiday abroad. In Tehran, Dr. Shapur Bakhtiar, the Prime Minister, presenting his Cabinet to the Majlis (parliament), outlined sweeping domestic and foreign policy reforms. He reaffirmed his intention to dissolve the secret police, Savak, and said his Government would go ahead with plans to shut off oil supplies to Israel and South Africa.

expressed wish that Iran's armed forces should support it. He emphasised that General Robert Huyser, deputy commander of U.S. forces in Europe, had been sent to Iran not only to discuss future military ties with Iran's top army command but also to win their backing for Dr. Bakhtiar.

Mr. Vance's description of the Shah's decision to depart in the next few days as "sound" implies that Gen. Huyser, along with Mr. William Sullivan, the U.S. Ambassador to Tehran, has received assurances from the Iranian military.

The U.S. view is that a military coup would exacerbate social and political unrest in Iran.

In Tehran interest had focused on who Dr. Bakhtiar would choose to replace the man first named as War Minister, General Feridoun Jan, who resigned earlier in the week. To everyone's surprise the man sitting next to the Prime Minister was one of the Shah's closest aides from the armed forces, General Ja'afar Shafaqat. First reaction to the choice was that, following the efforts of some hardline generals to persuade the Shah not to leave, Mr. Vance's decision had overruled their advice and was restating his support for the Bakhtiar solution. Gen. Shafaqat could look after the Shah's interests



Dr. Bakhtiar outlined his policies

in his absence and give Dr. Bakhtiar a link to the armed forces.

The special session of the Majlis, twice postponed, buzzed with excitement. It lasted barely an hour before being adjourned to Sunday. In spite of newspaper predictions of substantial opposition to the Government during the session Dr. Bakhtiar was given a relatively warm welcome. The final vote of confidence is expected next week. Although diplomats pointed

out that the choice of Gen. Shafaqat could prejudice Dr. Bakhtiar's chances of gaining public support, a hopeful sign was that none of the expected demonstrations outside the Majlis took place, although Tehran radio reported scattered protests in the capital.

Much of Dr. Bakhtiar's programme, as presented to the Majlis in a 20-minute address, has been disclosed in advance through interviews and Press statements. The most sensational was the announcement that Savak would be replaced with a new agency concerned solely with intelligence gathering.

Dr. Bakhtiar described the foundation stone of his policies as being so-called "basic laws," a philosophy combining Islamic law, the constitution and the UN declaration of human rights. He said he would face up to any plots with the help of the people and the army—an important element "in the picture."

Warning about conspiracies and the role of Communist agents Dr. Bakhtiar said 192 foreigners—identified as Afghans—had been arrested in the Tehran bazaar area during recent disturbances. In a foreign TV interview Dr. Bakhtiar said they would be tried and sentenced in Iran.

The Iran crisis, Page 3 Men and Matters, Page 20

U.S. and EEC disagree on export credit plans

BY ROBERT MAUTHNER, PARIS CORRESPONDENT

THE U.S. and the EEC failed to reach agreement yesterday on American proposals to increase interest rates on official export credits, as part of a fundamental revision of the existing international export credit arrangement.

The U.S. will probably take early retaliatory action. Speaking after an Organisation for Economic Co-operation and Development working party meeting on the interest rates yesterday, Mr. Gary Hufbauer, Deputy Assistant Secretary at the U.S. Treasury, claimed that the EEC had rejected the bulk of the U.S. proposals and that the two sides were so far apart that no further negotiations could be envisaged this year.

But the participants had nevertheless agreed on a commission an impartial study on the problem of interest rates for export credits, in the hope of solving their difference in the long run.

President Jimmy Carter is due to report to Congress on the outcome of the negotiations within the next two weeks and the U.S. (Government) would clearly have to consider what unilateral steps it would take as the result of the failure to reach agreement with the EEC, Mr. Hufbauer said.

Agreement hint The U.S. had already matched European credit terms in selective cases, but it was likely that broader measures would now have to be studied.

Mr. Hufbauer made it clear that the differences between the U.S. and Japan were much less serious than those with the

EEC and he hinted that an agreement could have been reached with the Japanese on the basis of the U.S. proposals. Summing up the results of the discussions, Mr. Hufbauer said that the U.S. had proposed that the minimum interest rate for official \$1 to 10 year credits granted to developing countries, which is 7.5 per cent, under the international consensus, should be raised to 8.25 per cent. The final EEC position was that there should be no increase in any rates.

Mr. Hufbauer quoted rates for what he described as "high quality and highly liquid" long-term World Bank bonds to show the extent to which various countries were cutting subsidies to their interest rates for export credits.

Third World opposed to GATT proposals, Page 4

Small order involves British Steel in U.S. probe

By Roy Hodson

AN EXPORT order for only 75 tonnes of steel to a U.S. customer has drawn the British Steel Corporation into a massive anti-dumping investigation by the United States Treasury.

British Steel expects the cost of defending itself to amount to more than \$100,000 (£49,800) in legal fees and executives' time. Meanwhile the corporation's trade with the U.S. will be damaged because it will be impracticable to arrange new deals for the product under scrutiny—carbon steel plate—while the investigation proceeds.

The U.S. Treasury announced at the end of last month it would investigate alleged dumping of carbon steel into the U.S. market by French, Belgian, West German, Italian, and British producers.

Coal Board urges radical cut in nuclear energy expansion

BY JOHN LLOYD

THE NATIONAL Coal Board has proposed that plans to expand nuclear capacity greatly after 1990 should be scrapped as part of a radical restructuring of the electricity industry's priorities over the next 20 years.

At the same time, the NCB believes that it has the agreement of the Central Electricity Generating Board to keep its burn of fossil fuel—coal, oil and gas—to about 100m tonnes of coal equivalent (mte) until 1990—that is, about present levels. The coal component of that would vary between 70m and 80m tonnes a year.

The agreement marks something of a compromise for both the NCB and the CEBG. The Coal Board had previously counted on a coal burn of at least 80m tonnes by 1985, while the CEBG, in its corporate plan published last June, spoke of a coal burn in the range of 65m-75m tonnes, with a clear preference for the lower end of that range.

Much more controversial—and still by no means agreed between the two boards—is the NCB's plan to change totally the

CEGB's ordering programme for nuclear stations to come on stream in the 1990s. Assuming a 10-year lead time, the first of these stations would have to be ordered in the next year or two. The CEBG's published objective in its corporate plan is to add 40,000-50,000 megawatts of nuclear capacity to the national grid in the 1990s, which in turn means an ordering programme of 4,000-5,000 megawatts a year from 1980 onwards.

The NCB view is that such a programme would not be acceptable either to the public or to governments. It no longer disputes that costs of nuclear generation—on a base and medium load, at least—will be lower than that of coal. Instead, it points to the growing difficulties of acquiring nuclear sites, coupled with the need to safeguard the investment in the coal industry by ensuring markets until the end of the century.

It therefore argues that the realistic strategy is to refurbish, or "replant" old coal-fired stations as they come to the end of their lives, usually after 30 years.

"Replanting" is already being considered by the CEBG for a small—100 MW—station in Gateshead. The NCB, however, believes that it must be done on a large scale, in such big coal-fired stations as Rugeley, and West Burton in the Midlands and Ferrybridge in the North-east.

Such a strategy would keep up, and possibly increase, coal burn after the 1990s. The NCB estimates that fossil fuel should remain at 100mte throughout the 1990s, with coal increasing its share as oil prices itself virtually out of the market.

The Coal Board is "building a new industry out of an old one." Sir Derek Ezra, NCB chairman, said yesterday. Speaking during a visit to Bolsover Colliery in Derbyshire, Sir Derek said that investment was now running at \$500m a year.

"In quite a difficult economic situation, the coal industry, unlike most British industries, is continuing to invest heavily in the future."

Coal faces three problems Page 7. Energy conservation Page 21

Full weight

A U.S. company, Lukens Steel, has complained that the five EEC countries sold \$150m worth of the product into the U.S. market in the first nine months of 1978 at "less than fair value."

Senior British Steel executives last night described as "ridiculous" the decision to turn the full weight of a U.S. Treasury anti-dumping investigation against a 75 tonne order. They pointed out that, apart from that single order, all the carbon steel plate which Lukens Steel is complaining about in the second half of last year was sent to America by Continental steelmakers.

British Steel is indignant that the decision to involve the corporation's willingness to cooperate with the American steel industry by voluntarily limiting sales into the American market.

Undertakings

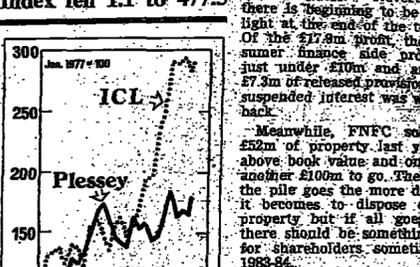
Private and public undertakings were given by British Steel to the U.S. Government during last year. As a result British Steel's total exports to the U.S. fell to 250,000 tonnes compared with 720,000 tonnes in 1977.

The corporation's sales of the type of plate now under investigation fell from 60,000 tonnes in the second half of 1977 to 75 tonnes in the second half of last year.

THE LEX COLUMN

Plessey's ICL disconnection

Index fell 1.1 to 477.5



For some years now the contribution of its 24.4 per cent—£7.5m associate ICL has given a cosmetic touch to Plessey's profits—£10.2m last year out of a pre-tax £42.9m. Yesterday's sale of the ICL stake for £33.5m forgoing net annual earnings means, according to Plessey, of £2.1m or 0.89p per share, though that may be a little unflattering to ICL considering its low tax charge and high rate of earnings growth. But Plessey's improved order book should allow it to plug the gap with its own earnings.

The ICL holding was in Plessey's accounts at £31.2m, of which £10.3m represented the cost price of the shares. This leaves a capital gain of £23.2m, which the company believes it has enough losses to offset for tax purposes. It would be reassuring to have more details here.

Whatever the tax position, ICL has clearly been an excellent trade investment for Plessey, although the diverging paths being taken by the two companies have reduced its strategic value. The sale will cut Plessey's net borrowings to £42m or so (taking the last balance sheet as a base) on shareholders' funds of £240m, and should avert any immediate need for a rights issue on its own account.

It may, however, clear the way for ICL itself to ask shareholders for cash—after a decent pause to allow the market to digest 8m shares—to help finance its expanding rental base. Plessey would have been unlikely to subscribe its rights. ICL, for its part, must be relieved that Rowe and Pitman, broker to both companies, has spread the shares around more than 100 institutions, many of which would apparently have taken more. The placing, at an 8 per cent discount to the overnight price, went very well considering the dismal environment, but it was a strange day to choose, all the same.

English China Clays

Equilibrium was almost restored at English China Clays in the second half, when pre-tax profits fell only 7 per cent after the 37 per cent slump in the first six months. Demand for clay was weak in the early part of the year, but by the last quarter of ECC's year to September the industry (which is 94 per cent ECC) was showing export growth of 3 per cent in volume terms on a year earlier. But the group's output for the year as a whole slipped from 2.6m to some 2.5m tonnes, and it was left to the quarrying

and building divisions to offset £1.7m or so of the setback in the clay division. Overall pre-tax profits emerge at £24.5m, against £30.5m.

The encouraging news for the current year is that ECC has been able to push through a 15 per cent export-price rise on clay from January 1, the first increase for two years. But there must be a suspicion that some of the recent strength of demand has been due to stockpiling by customers ahead of the price hikes. Moreover the European market could once again become attractive to the American producer if the U.S. economy weakens later in the year. Still, there is a good chance of a solid profits recovery by EEC in 1978-79. At 86p the yield is 7.1 per cent.

FNFC

Punters in First National Finance Corporation stock have already had a good run for their money over the last year so don't let them rush out at once to buy the shares, but believe it or not things are starting to look up at this beleaguered fringe bank.

Compared with pre-tax losses of £32m and £4.9m in 1975-76 and 1976-77, FNFC made a pre-tax profit of £17.9m in 1977-78. It has paid off all the interest arrears on its support-group income loans, made a big inroad into the arrears on the deferred loans and reduced its net deficiency on shareholders' funds from £76.2m to £58.4m. In addition, it has cut its dependence on the lifeline (i.e. the support group) from £286m to £251m—of which roughly £100m is tied up in the highly profitable commercial operation.

Of course, FNFC is a long way off paying any sort of dividend and at least a couple of years away from paying inter-

est to outside subordinated loan stock holders. Nevertheless there is beginning to be some light at the end of the tunnel. Of the £17.9m profit, the consumer finance side produced just under £10m and another £7.3m of released provisions and suspended interest was written back.

Meanwhile, FNFC sold off £52m of property last year at above book value and only has another £100m to go. The lower the pile goes the more difficult it becomes to dispose of the property but if all goes well there should be something left for shareholders sometime in 1983-84.

M and G Group

Over the years the M and G unit trust group has been the scourge of companies like Coats Patons or J Lyons—which have cut dividends in controversial circumstances. Who better, then, than M and G Group in showing the way to use the new cover rule as a route to big dividend rises? Just by chance the group's year-end is September 30, one of the earliest dates to qualify for the new rules. M and G calculates its previous highest cover during the reference period was 4.0 times in 1973, so with pre-tax profits up from £1.54m to £3.09m it believes it should be able to hoist its gross dividend by 43 per cent to 7.25p a share.

Pioneering, however, can be hazardous. The Treasury does not accept M and G's figuring, apparently because the 1973 results included overseas profits but did not make provision for notional tax. Instead of being the first to break the barrier, M and G Group is just the first to have a big row with the Treasury.

Bayer There is an element of daring in Deutsche Bank's plan to float a \$200m Eurobond for Bayer with the dollar sector of the market in poor shape. The justification lies in the rarity value of a big German name and in the warrants which Bayer will attach to the bonds. Bayer is currently engaged in a forceful expansion in the U.S. and it asked its shareholders for permission to issue these warrants last summer. Without them a ten-year bond of 4 1/2 per cent would cost Bayer 9-14 per cent. It seems that the company hopes to reduce this by 2 per cent by adding the equity sweeter. With or without warrants the issue will be quite an event in this moribund market.

Weather

UK TODAY

COLD, MOSTLY dry with sunny intervals. Snow showers in some places.

London, S.E., Cent. S. England, Midlands Mostly dry, sunny spells. Max 4C (39F).

E. Anglia, E. Coast, N. England, Lakes, I.O.M. Scotland, Western Islands, N. Wales, Ulster Scattered snow, sunny intervals. Max 4C (39F).

West Country, S. Wales Wintry showers, sunny spells. Max 5C (41F).

Outlook: Wintry showers at first, becoming dry with sunny spells.

BUSINESS CENTRES

Table with columns for city, day, and time. Includes cities like Athens, Belfast, Beirut, etc.

HOLIDAY RESORTS

Table with columns for resort, day, and time. Includes resorts like Alicante, Algiers, Antalya, etc.

Advertisement for Matthews Goodman & Postlethwaite, featuring a book titled 'Our Winter Bulletins' and text: 'We are pleased to present... our Winter Bulletins covering offices and industrial properties in the UK and Paris. Both bulletins contain full colour illustrations of available properties. Phone or write, stating number of copies required. MATTHEWS GOODMAN & POSTLETHWAITE LONDON LIVERPOOL & PARIS 01-248 3200 72 UPPER THAMES ST LONDON EC4R 3UA'

